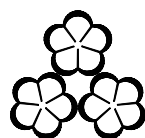


Zhejiang Sanhua Intelligent Controls Co., Ltd.

2024 Annual Report



March 2025

2024 Annual Report

Section I Important Notes, Contents and Definitions

The Board of Directors, Board of Supervisors, Directors, Supervisors and Senior Management of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this report shall be authentic, accurate, complete and free from material misstatement whether due to false record, misleading statement or significant omission, and they will undertake both individual and joint legal liabilities.

Zhang Yabo, the Company's legal representative, Yu Yingkui, the person in charge of the accounting work, and Li Zhimi, the person in charge of accounting department (Accounting Officer) hereby declare and warrant that the financial statements in this report are authentic, accurate and complete.

All directors attended the board meeting to review this report.

The forward-looking descriptions of future plans, development strategies, and other aspects involved in this report do not constitute a substantial commitment of the Company to investors. Investors are kindly advised to pay attention to investment risks.

The Company describes in detail concerning the possible risks and countermeasures in Section XI “Outlook for the Future Development of the Company” under Section III “Management’s Discussion and Analysis of Operations”. Please pay attention to relevant contents.

The profit distribution proposal approved by the board of directors is set out as follows: Based on the provisional share capital of 3,730,997,314 shares, cash dividend of RMB 2.50 (tax inclusive) will be distributed to all shareholders for every 10 shares. The Company will not distribute bonus shares or convert capital reserves to share capital.

Note: The Company has the total share capital of 3,732,389,535 shares, including 1,392,221 repurchased shares held in the buyback account. Pursuant to the *Company Law*, shares repurchased and held by listed companies through dedicated repurchase accounts shall not be entitled to dividend eligibility or capital reserve capitalization.

In the event of changes in the Company's total share capital due to share repurchases, exercises of equity incentive schemes, H-share offerings and listings, or other similar circumstances prior to

the implementation of the distribution plan, the total distribution amount shall be proportionally adjusted in accordance with the principle of maintaining constant distribution ratios.

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Documents Available for Inspection

1. The 2024 annual report signed by the chairman of the board.
2. The financial report signed and sealed by the Company's legal representative, chief finance officer and person in charge of accounting department.
3. Original audit report with the seal of the accounting firm, signature and seal of the registered accountant
4. Articles of Association
5. Original copy of all the Company's documents and announcements published on the newspapers designated by CSRC within the reporting period.
6. Other documents available for inspection.

Definitions

Items	Refers to	Definition
The Company, Company	Refers to	Zhejiang Sanhua Intelligent Controls Co., Ltd.
<i>The Articles of Association</i>	Refers to	<i>Articles of Association for Zhejiang Sanhua Intelligent Controls Co., Ltd.</i>
The CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Zhejiang Securities Regulatory Bureau	Refers to	Zhejiang Securities Regulatory Bureau of China Securities Regulatory Commission
General Meeting of Shareholders	Refers to	General Meeting of Shareholders of Zhejiang Sanhua Intelligent Controls Co., Ltd.
Board of Directors	Refers to	The Board of Directors of Zhejiang Sanhua Intelligent Controls Co., Ltd.
Board of Supervisors	Refers to	The Board of Supervisors of Zhejiang Sanhua Intelligent Controls Co., Ltd.
Yuan	Refers to	RMB

Section II Corporate Profile and Key Financial Indicators

I. Corporate Information

Stock abbreviation	Sanhua Intelligent Controls	Stock code	002050
Former stock abbreviation (if any)	Sanhua Co.,		
Stock Exchange	Shenzhen Stock Exchange		
Name of the Company in Chinese	浙江三花智能控制股份有限公司		
Abbr. of the Company name in Chinese	三花智控		
Name of the Company in English (if any)	ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.		
Abbr. of the Company name in English (if any)	SANHUA		
Legal representative	Zhang Yabo		
Registered Address	No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang		
Post Code of Registered Address	312530		
Historical changes of the Company's registered address	June 19, 2015, the registered address of the Company was changed from Xialiquan, Qixing Street, Xinchang, Zhejiang to No. 219 Woxi Avenue, Meizhu, Xinchang, Zhejiang; February 29, 2016, the registered address of the Company was changed from No. 219 Woxi Avenue, Meizhu, Xinchang, Zhejiang to Xialiquan, Qixing Street, Xinchang, Zhejiang. June 2, 2023, the registered address of the Company was changed from Xialiquan, Qixing Street, Xinchang, Zhejiang to No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang		
Office Address	Office Building in Sanhua Industrial Park No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang		
Post Code of Office Address	312530		
Website	http://www.zjshc.com		
E-mail	shc@zjshc.com		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Hu Kaicheng	Lv Yifang
Address	Office Building in Sanhua Industrial Park No. 12 Baiyang Street, Qiantang New	Office Building in Sanhua Industrial Park No. 219 Woxi Avenue, Chengtan Street,

	District, Hangzhou, Zhejiang	Xinchang, Shaoxing, Zhejiang
Tel.	0571-28020008	0575-86255360
E-mail	shc@zjshc.com	shc@zjshc.com

III. Information Disclosure and Place of the Report

The website of the stock exchange where the Company discloses the annual report	Shenzhen Stock Exchange: http://www.szse.cn
Media and website designated by the Company for disclosure of the Annual Report	<i>Securities Times</i> , <i>Shanghai Securities News</i> CNINFO: http://www.cninfo.com.cn
Place where the Annual Report is available for inspection	Office of the Board of Directors of the Company

IV. Company Registration and Alteration

Unified Social Credit Code	913300006096907427
Changes in principle business activities since the Company was listed (if any)	In 2017, the Company completed a major asset reorganization and changed main business to Refrigeration A/C Electrical Components business and Automotive Components business.
Changes of controlling shareholders of the Company (if any)	N/A

V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Pan-China Certified Public Accountants LLP.
Business address of the accounting firm	Building B, China Resources Building, 1366 Qianjiang Road, Shangcheng District, Hangzhou, Zhejiang, China
Name of accountants for signature	Qian Zhongxian, Ouyang Xiaoyun, Zhou Heng

Sponsor institution engaged by the Company to perform the duties of continuous supervision during the reporting period

Applicable Not applicable

Financial advisor engaged by the Company to perform the duties of continuous supervision during the reporting period

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

Whether the Company performed a retrospective adjustment or restatement of previous accounting data

Yes No

	2024	2023	YoY Change	2022
Total Revenue (RMB)	27,947,164,515.93	24,557,802,066.59	13.80%	21,347,549,741.00
Net Profit Attributable to Shareholders of the Listed Company (RMB)	3,099,165,128.06	2,920,992,940.01	6.10%	2,573,344,179.92
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-recurring Gains and Losses (RMB)	3,117,935,212.81	2,917,029,188.01	6.89%	2,291,450,453.44
Net Cash Flow Generated from Operational Activities (RMB)	4,366,630,948.36	3,723,964,354.63	17.26%	2,509,666,490.56
Basic Earnings per Share (RMB/Share)	0.84	0.81	3.70%	0.72
Diluted Earnings per Share (RMB/Share)	0.84	0.81	3.70%	0.72
Weighted Average ROE	16.77%	19.18%	-2.41%	21.38%
	At the End of 2024	At the End of 2023	YoY Change (%)	At the End of 2022
Total Assets (RMB)	36,354,748,426.21	31,890,584,773.41	14.00%	27,961,214,156.28
Net Assets Attributable to Shareholders of the Listed Company (RMB)	19,297,769,106.48	17,894,403,984.79	7.84%	12,941,310,409.42

The Company's net profit before and after deducting non-recurring profit and loss in the last three fiscal years, whichever is lower, is negative and the audit report of the last year shows that the Company's ability to continue as a going concern is uncertain

Yes No

The lower of the net profit before and after deducting the non-recurring profit and loss is negative

Yes No

VII. Differences in Accounting Data between Domestic and Overseas Accounting Standards

1. Difference in the net profits and net assets of disclosed financial report according to the International Financial Reporting Standards and China Accounting Standards

Applicable Not applicable

There is no difference.

2. Difference in the net profits and net assets of disclosed financial report according to the Overseas Accounting Standards and China Accounting Standards

Applicable Not applicable

There is no difference.

VIII. Key Quarterly Financial Indicators

Unit: RMB

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total revenue	6,439,558,590.31	7,236,513,570.77	6,886,824,980.77	7,384,267,374.08
Net profit attributable to shareholders of the Company	647,742,424.05	866,773,020.70	787,455,250.81	797,194,432.50
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses	670,999,127.69	855,827,965.83	721,197,112.53	869,911,006.76
Net cash flows from operating activities	107,817,235.95	1,053,812,640.22	831,854,979.66	2,373,146,092.53

Whether there is significant difference between the above individual or aggregate financial indicators and that of what disclosed in the quarterly report, half-year report

Yes No

IX. Items and Amounts of Non-recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2024	2023	2022	Note
Profits or losses from disposal of non-current assets (including the write-off for the impairment provision of assets)	-14,594,509.61	-1,157,418.11	445,368,259.89	
The government subsidies included in the current profits and losses (excluding the government subsidy closely related to regular course of business of the Company and government subsidy based on standard)	124,291,859.56	93,921,181.44	91,659,049.88	

quota or quantitative continuous application according to the state industrial policy.)				
Gains and losses from changes in fair value arising from the holding of financial assets and financial liabilities by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities, excluding effective hedging business related to normal business operations of the company	-134,349,605.35	-89,874,825.04	-198,263,945.31	To hedge against raw material price risks and mitigate exchange rate risks, the Company and its subsidiaries engage in derivative instrument transactions, including futures derivatives and exchange rate derivatives. In 2024, the Company recorded futures gains of RMB 8.5920 million and foreign exchange losses of RMB 142.9416 million, while in 2023, futures gains amounted to RMB 9.5091 million and foreign exchange losses totaled RMB 99.3840 million. Additionally, the Company recognized exchange gains of RMB 83.1539 million in 2024 and RMB 133.5151 million in 2023. In accordance with the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Issuing Securities — Non-recurring Profit and Loss Items, exchange gains and losses are classified as recurring profit and loss items, whereas futures and foreign exchange gains and losses are categorized as non-recurring items.
Reversal of impairment provision for receivables individually assessed for impairment	5,690,817.36			
Gain arising from the excess of the fair value	2,097,001.82			

of the investee's identifiable net assets over the investment cost when acquiring investments in subsidiaries, associates, and joint ventures				
Gains and losses arising from contingencies unrelated to the normal operation of the Company's business			-7,000,000.00	
Other non-operating income and expenditures except the items mentioned above	-2,855,012.54	10,206,261.89	-1,251,705.71	
Other gains and losses items that fit the definition of non-recurring gains and losses			1,445,314.58	
Less: Impact of income tax	-2,401,931.56	1,905,361.61	46,164,566.99	
Impact of the minority interests (after tax)	1,452,567.55	7,226,086.57	3,898,679.86	
Total	-18,770,084.75	3,963,752.00	281,893,726.48	

Details of other gains and losses items that meet the definition of non-recurring gains and losses:

Applicable Not applicable

The Company did not have other gain/ loss items that meet the definition of non-recurring gains and losses.

The reasons for the non-recurring gains and losses items defined or listed in the *Explanatory Announcement No. 1 of Information Disclosure of Listed Companies – Non-recurring Gains and Losses* are defined as recurring gains and losses items

Applicable Not applicable

The Company did not define any non-recurring gains and losses items, defined and listed in the *Explanatory Announcement of Information Disclosure of Listed Companies No. 1 – Non-recurring Gains and Losses*, as recurring gains and losses items.

Section III Management's Discussion and Analysis of Operations

I. Industry situation of the Company during the reporting period

The Company shall comply with the disclosure requirements of automobile manufacturing related industries listed in the *No.3 Guidelines for Self-discipline Supervision of Public Companies of Shenzhen Stock Exchange - Industry Information Disclosure*.

1. Industry development

Amid challenges including geopolitical risks and intensified restructuring of global industrial and supply chains, the global economy exhibited robust resilience in 2024, achieving stable growth. According to the International Monetary Fund (IMF), global economic growth reached 3.2% for the year. Chinese economy continued to demonstrate remarkable resilience and potential within a complex and volatile international environment, with its annual gross domestic product (GDP) amounting to RMB 134.9 trillion, reflecting a 5.0% year-on-year increase.

(1) Refrigeration and air conditioning electrical components industry

Supported by the gradual recovery of the global economy and the frequent occurrence of extreme weather events, demand in the refrigeration and air conditioning market sustained steady growth. As the world's largest producer and consumer of air conditioning systems, China maintained strong momentum in its household air conditioning sector. Data from Industry Online indicates that China's total household air conditioner production in 2024 reached 201.579 million units, marking a 19.5% year-on-year rise. Domestic sales grew moderately at 4.9%, while exports surged by 36.1% during the same period.

As the background of accelerating global green transformation, the refrigeration and air conditioning industry is undergoing rapid evolution toward energy efficiency, intelligent technologies, and environmentally sustainable practices. Enhanced energy efficiency standards worldwide and the proliferation of intelligent technologies have unlocked new market opportunities and value-driven growth. The implementation of the European Union's *Net-Zero Industry Act* has further catalyzed the adoption of clean technologies such as heat pumps and energy storage systems, infusing fresh momentum into the industry. Concurrently, emerging opportunities in data center cooling and waste heat recovery are gaining prominence, positioning these areas as pivotal avenues for industry expansion. Domestically, consumer upgrade initiatives, including appliance replacement subsidies, have significantly stimulated demand for air conditioners and related products, underpinning robust market growth. As a market leader in refrigeration and air conditioning control components, the company capitalizes on decades of technological expertise, advanced manufacturing capabilities, and diversified client network to adapt to market dynamics, seize transformative opportunities, and sustain steady progress.

(2) Automotive Components Industry

According to the data from MarkLines and the China Passenger Car Association (CPCA), global sales of new energy vehicles (NEVs) in 2024 reached 17.529 million units, representing a 21.6% year-on-year increase and accounting for 19.8% of total global automotive sales. China, the world's largest NEV market, contributed 70% of global NEV sales, with annual sales reaching 12.274 million units, a 37.8% year-on-year rise, constituting 44.5% of Chinese total automotive sales.

The global NEV industry sustained rapid growth, serving as a cornerstone for the transformation of the automotive sector. As NEV technologies advance, the complexity and significance of thermal management systems have become increasingly pronounced. NEVs across all technological pathways are imposing heightened requirements on thermal management products, driving the industry toward the technology-intensive and capital-intensive development trajectory. The company originated in automotive thermal management with profound technological expertise and extensive industry recognition, progressing from components to subsystems and modules. It not only collaborates with leading automakers including Mercedes-Benz, BMW, BYD, Ford, Geely, General Motors, GAC, Honda, Hyundai, Leapmotor, Li Auto, NIO, Stellantis, SAIC, Toyota, Volkswagen, and Volvo, but also supplies thermal management integrators such as Denso, Hanon Systems, Mahle, and Valeo.

2. Industry status

The company is the world's largest manufacturer of refrigeration control components and the global leader in automotive thermal management system control components. The "Sanhua" brand of intelligent refrigeration control components has become a world-renowned brand and serves as the strategic partner to numerous global automotive manufacturers and air-conditioning refrigeration appliance producers. Committed to enhancing the energy efficiency of various end-use products, the company leads the global transformation of energy-saving and environmentally friendly products. After over three decades of development, the company has established industry-leading positions in global refrigeration appliances and automotive thermal management fields. The company holds the world's largest market share for products such as air-conditioning electronic expansion valves, four-way reversing valves, service valve, solenoid valves, microchannel heat exchangers, automotive electronic expansion valves, new energy vehicle thermal management integrated modules, and Omega pumps, while maintaining a leading global position in automotive thermal expansion valves and receivers.

II. The Principal Business of the Company during the Reporting Period

The Company shall comply with the disclosure requirements of automobile manufacturing related industries listed in the *No.3 Guidelines for Self-discipline Supervision of Public Companies of Shenzhen Stock Exchange - Industry Information Disclosure*.

The Company adheres to the "Dedication and Leadership, Innovation and Surpassing" business path, concentrating on the research and application of heat pump technology and thermal management system products. It focuses on the development of environmental thermal management solutions for heat exchange and temperature intelligent control and is dedicated to specialized management in the fields of building HVAC, electrical equipment, and new energy vehicle thermal management. Based on the different stages and characteristics of strategic business and mature business, the Company's business is mainly divided into refrigeration and air conditioning electrical components business and automotive components business. Refrigeration and air conditioning electrical components business is committed to the professional operation of building HVAC and electrical equipment. Its main products include Four-way Reversing Valve, Electronic Expansion Valve, Solenoid Valve, Microchannel Heat Exchanger, Omega Pump, etc., which are widely used in A/C, refrigerator, cold chain logistics, dishwasher and other fields. The automotive components business focuses on in-depth research in the field of automotive thermal management. Its main products include Thermal Expansion Valve, Electric Expansion Valve, Electric Water Pump, and Thermal Management Integrated Module for new energy vehicle, etc., which are widely used in both NEVs and ICVs.

During the reporting period, the Company's principal business and business model remained unchanged.

Manufacturing, production and operation of vehicles during the reporting period

Applicable Not applicable

Manufacturing, production and operation of vehicle components during the reporting period

Applicable Not applicable

	Production volume			Sales volume		
	2024	2023	YoY Change (%)	2024	2023	YoY Change (%)
Classified by Components (Unit: million PCs)						
NEVs thermal management products	70.0073	62.7827	11.51%	69.5199	62.5181	11.20%
ICVs thermal management products	180.1656	169.5683	6.25%	184.0433	169.5093	8.57%
Other classifications (Unit: million PCs)						
Domestic	152.6055	137.8682	10.69%	152.15	138.0081	10.25%
Overseas	97.5674	94.4828	3.26%	101.4132	94.0193	7.86%

Explanation on why the related data varied by more than 30% on a YOY basis

Applicable Not applicable

Sale model of vehicle components

The Company's customers are mainly domestic and foreign vehicle manufacturers and tier 1 manufacturers. The mainly sale mode is direct sale.

Whether the Company carries out auto finance business

Applicable Not applicable

Whether the Company carries out business related to NEVs

Applicable Not applicable

Production and operation of NEVs parts

Unit: million PCs

Product category	Production capacity	Production volume	Sales volume	Revenue (RMB)
NEVs thermal management products	90.6932	70.0073	69.5199	10,452,256,196.72

III. Core Competitiveness Analysis

The Company shall comply with the disclosure requirements of automobile manufacturing related industries listed in the *No.3 Guidelines for Self-discipline Supervision of Public Companies of Shenzhen Stock Exchange - Industry Information Disclosure*.

1. Clear strategic layout

The Company adheres to the "Dedication and Leadership, Innovation and Surpassing" business path, takes

the research and application of heat pump technology and thermal management system products as the core, firmly grasps the development theme of energy conservation, environmental protection and intelligent control, upgrades from "mechanical parts development" to "system control technology solution development of electronic control integration". The Company's products series are expanded from household A/C and refrigerator components to the field of commercial A/C and commercial refrigeration, and extending to the direction of inverter control technology and system integration and upgrading. Meanwhile, after the injection of automotive components business, it gives full play to the synergy effect with the original business, continues to deepen the research and development of new energy vehicle thermal management system components, and actively explores the deeper application of thermal management components and subsystems in the automotive field, so as to provide global customers with competitive environmental intelligent control solutions.

2. Technology leading, customer oriented

As a national high-tech enterprise, the Company has always adhered to the technological route of independent development and innovation. For decades, it has focused on the field of intelligent control and vigorously cultivated core technologies with independent intellectual property rights. It has been authorized with 4,252 patents both domestic and abroad, including 2,261 invention patents. The Company has established a comprehensive multi-disciplinary R&D team for product development and technical research, and established a matrix R&D organizational structure. Utilizing the model of product development driven by technological research, we can promote innovation. Meanwhile, a technical expert committee has been established to guide and manage technological development. All products, services and quality of the Company take meeting the needs of customers as the first priority.

3. Quality assurance, scale economy effect

The Company's products cover refrigeration A/C electrical components and automotive components industry. The market share of the Company's Electronic Expansion Valve, Four-way Reversing Valve, Service Valve, Solenoid Valve, Microchannel Heat Exchanger, Automotive Electric Expansion Valve, Thermal Management Integrated Module for new energy vehicle, Omega Pump ranks first globally. The market share of Automotive Thermal Expansion Valve and Receiver Drier is in the leading position in the world. The Company has established a complete and strict quality assurance system, achieved ISO9001, IATF16949, QC080000 quality system certification. The Company won the National Quality Award, Zhejiang Quality Award, National Technological Innovation Demonstration Enterprise and won the high comments from Daikin, Panasonic, Ford, BSH Home Appliances, Siemens, Volkswagen, Mercedes-Benz, BYD, and Geely and other well-known enterprises at home and abroad.

4. Advantages of global marketing network and production base

Since the 1990s, the Company has focused on expanding the international market, and has established overseas subsidiaries in Japan, South Korea, Singapore, the United States, Mexico, Germany and other places to build a global marketing network. At the same time, it has established overseas production bases in Mexico, Poland, Vietnam, Thailand and other places. And in practice, we have trained a number of management talents who can meet the needs of business development in different countries and regions.

IV. Main Business Analysis

1. Overview

In 2024, amid escalating geopolitical conflicts and deepening restructuring of global industrial and supply chains, the world economy maintained slow and stable growth, with overall trade demand on the rise. China led major global economies with the GDP growth rate of 5.0%, bolstering market confidence through policies such as interest rate cuts, reserve requirement reductions, and domestic demand expansion, thereby setting the tone for high-quality development.

The new energy revolution advanced vigorously, with continued growth in NEVs and accelerated global green transitions creating opportunities in heat pumps and commercial refrigeration. Simultaneously, the artificial intelligence (AI) and bionic robotics industries witnessed significant technological breakthroughs and accelerated commercialization. At the corporate level, the refrigeration and air conditioning electrical components business capitalized on structural market opportunities driven by consumer appliance replacement policies, North American refrigerant transitions, and emerging sector demands, consolidating the company's market position and achieving steady growth. Despite challenges, the automotive components business maintained stable growth, supported by purchase subsidies, relaxed auto financing policies, and rapid domestic market expansion.

During the reporting period, the company achieved operating revenue of RMB 27.947 billion, a year-on-year increase of 13.80%; operating profit of RMB 3.710 billion, up 4.42% year-on-year; and net profit attributable to listed shareholders of RMB 3.099 billion, up 6.10% year-on-year. By product segment, the refrigeration and air conditioning electrical components business generated revenue of RMB 16.561 billion, up 13.09% year-on-year, while the automotive components business recorded revenue of RMB 11.386 billion, up 14.86% year-on-year.

(I) Dedicated to excellence through relentless innovation and strategic business expansion

1. Refrigeration and air conditioning electrical components business

In 2024, the company further solidified the market leadership by advancing product iteration, industrializing new offerings, and exploring emerging opportunities. In client development, the company continues to deepen strategic collaborations with key clients and strengthens customer relationships through participation in major refrigeration exhibitions and global partnership conferences. In R&D, the company prioritized upgrading flagship products, leveraged the competitive edge of steel valves amid high copper prices, and focused on high-potential innovations to drive market breakthroughs. In operations management, the company enhances labor efficiency through lean manufacturing while effectively implementing cost control and process optimization. In digital transformation, it continues advancing comprehensive digital coverage across all business domains, exploring and promoting lights-out workshop models that simultaneously focus on quality and efficiency. Additionally, leveraging the company's multi-site global presence, the company intensifies manufacturing globalization, R&D network expansion, and talent development, actively addressing tariff challenges while strengthening localized service capabilities for global clients.

2. Automotive components business

Facing fierce competition in the NEV market, the company sustains revenue growth through coordinated initiatives including new product R&D, technological iteration, and digital production, effectively balancing revenue expansion with cost rationalization. In client development, the company focused on large-scale integrated thermal systems, addressing demands from global automotive leaders and securing breakthrough projects. In

technological R&D, the company has achieved multiple breakthroughs in integrated modules for both refrigerant-side and coolant-side automotive thermal management, significantly enhancing customer value. In operations management, the company advanced the development of integrated module production lines and optimized automation levels, significantly enhancing production efficiency. Globally, the company continued advancing the construction of overseas facilities in Mexico and Poland and domestic plants in Zhongshan, Shenyang, Tianjin, Hangzhou, Shaoxing Binhai, while deploying new production capacities to solidify the global supply chain footprint.

3. Strategic Emerging Businesses

The AI and bionic robotics industries accelerated into a high-growth phase, poised to reshape lifestyles and global economic structures as humanity enters an era of human-machine symbiosis. In bionic robotics, the company works closely with clients to address their needs while continuously self-optimizing key product performance metrics. This is building a technological moat through process innovations and patent-protected solutions centered on proprietary product designs. In energy storage system, the company focused on major clients, tracked technological trends in energy storage systems, and pursued opportunities in thermal management components.

(II) Proposed H-Share Issuance and Listing on the Hong Kong Stock Exchange

To advance the global strategy, enhance international visibility, and strengthen competitiveness, the company plans to issue H-shares and list on the Hong Kong Stock Exchange. The raised funds are intended to be allocated to global technology R&D and expanding product portfolios, expanding and establishing new domestic and overseas factories, enhancing corporate digital operational efficiency, supplementing working capital, and other purposes.

(III) Shareholder Returns and Employee Incentives

In 2024, to safeguard shareholder interests and reinforce investor confidence, the company executed the share repurchase program, protecting the long-term benefits for both the corporation and minority shareholders. Since the first share repurchase initiative in 2018, the company has cumulatively deployed over RMB 1.1 billion in repurchases. Concurrently, the company prioritizes investor rights protection, consistently enhancing investment returns. Total cash dividends distributed since IPO have reached RMB 7.4 billion. Additionally, the company implemented the 2024 Restricted Stock Incentive Plan and 2024 Stock Appreciation Rights Incentive Plan, motivating core talent to continuously elevate performance and productivity, thereby driving sustainable business growth.

(IV) Strengthening Corporate Governance Framework & Diversifying Investor Engagement Channels

The company enhanced and refined the internal control systems, standardized the operations of the Board of Directors, Supervisory Board, and Shareholders' Meetings, and strengthened information disclosure protocols and investor relations management mechanisms. The total of 20 governance documents were formulated or revised, including the *Information Disclosure Management Policy*, *Public Opinion Management and Response Guidelines*, and *Related-Party Transaction Regulations*. Key updates encompassed the *Articles of Association* and *Proposed Articles of Association (applicable post-H-share listing)*, revised to align with the revised *Company Law*, *Hong Kong Stock Exchange Listing Rules*, and the company's operational realities. For investor relations management, the company facilitated multi-channel engagement through on-site meetings, earnings briefings, interactive platforms, and direct investor hotlines, ensuring transparent and efficient communication with diverse investor

groups.

(V) Accelerating Carbon Neutrality, Establishing Clean & Low-Carbon Energy Ecosystem

In clean energy adoption, the company has installed distributed photovoltaic power generation systems, energy storage facilities, and smart microgrids to optimize the energy structure, while also purchasing green electricity to reduce carbon emissions. For energy-saving technological upgrades, the company has phased out high-energy-consumption production equipment and implemented smart energy management systems to monitor equipment energy usage, analyze consumption patterns, and identify inefficiencies. In product sustainability innovation, aligning with regulatory policies, the company has developed next-generation eco-friendly refrigerants to minimize greenhouse gas emissions during product operation. Simultaneously, the company is advancing low-energy heat pump technologies to create high-performance, energy-efficient thermal management systems.

2. Revenue and Costs

(1) Revenue structure

Unit: RMB

	2024		2023		YoY Change (%)
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Revenue	27,947,164,515.93	100%	24,557,802,066.59	100.00%	13.80%
Classified by Industry					
General Equipment Manufacturing Industry	27,947,164,515.93	100%	24,557,802,066.59	100.00%	13.80%
Classified by Products					
Refrigeration A/C Electrical Components	16,560,605,388.30	59.26%	14,644,135,166.57	59.63%	13.09%
Automotive Components	11,386,559,127.63	40.74%	9,913,666,900.02	40.37%	14.86%
Classified by Region					
Domestic	15,446,505,381.49	55.27%	13,403,443,275.68	54.58%	15.24%
Overseas	12,500,659,134.44	44.73%	11,154,358,790.91	45.42%	12.07%
Classified by Sales Model					
Direct Sale	27,545,064,298.92	98.56%	24,557,802,066.59	100.00%	12.16%

Indirect Sale	402,100,217.01	1.44%			
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(2) Industries, products, regions or sale models accounting for more than 10% of the Company's revenue or operating profit

Applicable Not applicable

Unit: RMB

	Revenue	Operating cost	Gross margin	YoY Change (%) of revenue	YoY Change (%) of operating cost	YoY Change (%) of gross margin
Classified by Industry						
General Equipment Manufacturing Industry	27,947,164,515.93	20,269,833,554.48	27.47%	13.80%	14.04%	-0.15%
Classified by Products						
Refrigeration A/C Electrical Components Business	16,560,605,388.30	12,030,985,910.08	27.35%	13.09%	14.06%	-0.62%
Automotive Components Business	11,386,559,127.63	8,238,847,644.40	27.64%	14.86%	14.02%	0.53%
Classified by Region						
Domestic	15,446,505,381.49	11,493,560,891.19	25.59%	15.24%	15.73%	-0.31%
Overseas	12,500,659,134.44	8,776,272,663.29	29.79%	12.07%	11.91%	0.10%
Classified by Sales Model						
Direct Sale	27,545,064,298.92	19,995,038,266.18	27.41%	12.16%	12.50%	-0.21%
Indirect Sale	402,100,217.01	274,795,288.30	31.66%			

When the statistical caliber of the Company's major business data is adjusted during the reporting period, the Company's major business data would be adjusted according to the end of the reporting period in the most recent period.

Applicable Not applicable

(3) Whether revenue from physical products sales greater than revenue from providing services

Yes No

Industry	Item	Unit	2024	2023	YoY Change (%)
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General Equipment Manufacturing Industry	Sales	Yuan	27,947,164,515.93	24,557,802,066.59	13.80%
	Production	Yuan	28,317,506,024.84	24,661,487,925.77	14.82%
	Inventory	Yuan	5,406,042,889.29	4,715,009,128.74	14.66%

Explanation on why the related data varied by more than 30% on a YOY basis

Applicable Not applicable

(4) Fulfillment of signed significant sales and procurement contracts by the end of reporting period

Applicable Not applicable

(5) Operating cost structure

Classification based on industry and products

Unit: RMB

Industry	Item	2024		2023		YoY Change (%)
		Amount	Proportion to operating cost	Amount	Proportion to operating cost	
General Equipment Manufacturing Industry	Material	14,979,789,030.31	73.90%	13,115,131,671.51	73.79%	14.22%
General Equipment Manufacturing Industry	Labor	2,812,304,190.10	13.87%	2,523,256,970.91	14.20%	11.46%
General Equipment Manufacturing Industry	Depreciation	780,844,622.47	3.85%	516,350,365.38	2.91%	51.22%
General Equipment Manufacturing Industry	Freight	664,724,822.92	3.28%	573,973,563.84	3.23%	15.81%
General Equipment Manufacturing Industry	Energy Source	555,660,396.46	2.74%	522,992,506.07	2.94%	6.25%
General Equipment Manufacturing Industry	Other	476,510,492.22	2.35%	522,153,886.41	2.94%	-8.74%

Unit: RMB

Product	Item	2024		2023		YoY Change (%)
		Amount	Proportion to operating cost	Amount	Proportion to operating cost	

Refrigeration A/C Electrical Components	Material	8,850,066,410.68	43.66%	7,743,350,881.56	43.57%	14.29%
Refrigeration A/C Electrical Components	Labor	1,807,293,961.06	8.92%	1,625,493,308.75	9.15%	11.18%
Refrigeration A/C Electrical Components	Depreciation	432,473,528.87	2.13%	293,400,820.12	1.65%	47.40%
Refrigeration A/C Electrical Components	Freight	430,450,574.78	2.12%	372,451,870.84	2.10%	15.57%
Refrigeration A/C Electrical Components	Energy Source	272,531,956.90	1.34%	250,366,298.39	1.41%	8.85%
Refrigeration A/C Electrical Components	Other	238,169,477.79	1.17%	262,788,912.38	1.48%	-9.37%
Automotive Components	Material	6,129,722,619.63	30.24%	5,371,780,789.95	30.22%	14.11%
Automotive Components	Labor	1,005,010,229.04	4.96%	897,763,662.16	5.05%	11.95%
Automotive Components	Depreciation	348,371,093.60	1.72%	222,949,545.26	1.25%	56.26%
Automotive Components	Freight	234,274,248.14	1.16%	201,521,693.00	1.13%	16.25%
Automotive Components	Energy Source	283,128,439.56	1.40%	272,626,207.68	1.53%	3.85%
Automotive Components	Other	238,341,014.43	1.18%	259,364,974.03	1.46%	-8.11%

(6) Changes in consolidation scope during the reporting period

Yes No

1. Increase in consolidation scope

Name	Equity acquisition method	Date of equity acquisition	Capital contribution	Proportion of capital contribution
Hangzhou Lv Neng New Energy Vehicle Parts Co., Ltd.	Contractual Assignment	2024-09-30	7.7 million	100%
Zhejiang Sanhua Intelligent Drive Co., Ltd.	Investment and establishment	2024-06-04	74 million	100%
Zhejiang Shengtai Paper Industry Co., Ltd.	Investment and establishment	2024-06-20	21 million	70%
Sanhua Automotive Components Korea Co., Ltd.	Investment and establishment	2024-07-08	KRW 90,000	100%
SANHUA SINGAPORE HEAT EXCHANGER PTE. LTD.	Investment and establishment	2024-08-28	0.00	100%
Sanhua Intelligent Drive (Thailand) Co., Ltd.	Investment and establishment	2024-11-01	0.00	100%

SANHUATROY PROPERTY MANAGEMENT,LLC	Investment and establishment	2024-06-28	0.00	100%
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2. Reduction in consolidation scope

Name	Equity disposal method	Date of equity disposal	Net assets on disposal date	Net profit from the beginning of the period to the date of disposal
American Tubing International Leverage lender LLC	Cancellation	2024-10-09	-	-

(7) Significant change or adjustment of the Company's business, products or services during the reporting period:

Applicable Not applicable

(8) Major customers and suppliers:**Major customers of the Company**

Total sales to top five customers (RMB)	9,193,696,267.94
Total sales to top five customers as a percentage of the total sales for the year (%)	32.89%
Total sales to the related parties in top five customers as a percentage of the total sales of the year (%)	0.00%

Information on top five customers

No.	Name of Customer	Sales Amount (RMB)	Percentage of total sales for the year
1	First	3,527,626,412.69	12.62%
2	Second	2,429,872,540.77	8.69%
3	Third	1,315,668,564.90	4.71%
4	Fourth	1,039,137,368.67	3.72%
5	Fifth	881,391,380.91	3.15%
Total	--	9,193,696,267.94	32.89%

Other information of major customers

Applicable Not applicable

Major suppliers of the Company

Total purchases from top five suppliers (RMB)	2,512,688,021.17
Total purchases from top five suppliers as a percentage of the total purchases for the year (%)	15.45%

Total purchases from the related parties in the top five suppliers as a percentage of the total purchases for the year (%)	0.00%
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Information on top five suppliers of the Company

No.	Name of Supplier	Purchase Amount (RMB)	Percentage of total purchase for the year
1	First	653,599,333.99	4.02%
2	Second	631,975,885.93	3.89%
3	Third	519,996,390.09	3.20%
4	Fourth	354,433,742.41	2.18%
5	Fifth	352,682,668.75	2.17%
Total	--	2,512,688,021.17	15.45%

Other information of major suppliers

 Applicable Not applicable**3. Expenses**

Unit: RMB

	2024	2023	YoY Change (%)	Note of significant change
Sales expenses	726,437,231.46	597,565,638.25	21.57%	Primarily attributable to increased expenditures in employee compensation, advertising and promotional costs, warehousing and handling fees, and related expenses during the current period.
Administrative expenses	1,767,454,322.16	1,476,334,172.35	19.72%	Primarily attributable to increases in employee compensation and depreciation & amortization expenses during the current period.
Financial expenses	-43,782,383.53	-72,751,380.29	39.82%	Primarily attributable to the reduction in foreign exchange gains during the current period.
R&D expenses	1,351,798,786.50	1,096,834,224.41	23.25%	Primarily attributable to increases in employee

				compensation, direct inputs, and other related expenses.
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4. R&D Investment

√Applicable □Not applicable

Name of main R&D projects	Project purpose	Progress of the project	Objectives to be achieved	Expected impact on the future development of the Company
M Platform Standard Electric Water Pump Development	Develop low-cost, lightweight and miniaturized medium-power EWP	On going	To enhance competitiveness of medium-power EWPs	To gain greater market share
Third Generation Chiller Development	Develop a new generation product with low cost or high performance	On going	To improve product competitiveness; Form standardized products	To improve product competitiveness and gain greater market share
L Platform Electric Water Pump Development	Develop low-cost, lightweight and miniaturized high-power EWP	On going	To enhance competitiveness of high-power EWPs, build solid foundation and technical reserve	To gain greater market share
Direct Thermal Module for flexible manufacturing	Develop compact, low-cost, lightweight thermal management system integration solutions	On going	Enhance the core competitiveness of integration thermal management modules	To enhance integrated module products competitiveness and market share .
Indirect Thermal Module	Develop low-cost, lightweight, and miniaturized integrated modules for indirect cooling thermal management systems	On going	By standardizing design and preparing technical reserves in advance, enhance the competitiveness of integrated modules	To improve product competitiveness and gain greater market share
Development of SPB (A) type shielded water pump	Develop new products in the field of heat pump heating	Finished	Realize the characteristics of high efficiency, energy saving, silence, high stability and high cost performance of products	Open up the heat pump heating market and realize new business growth points
C-type globe valve development	Develop a new generation of low-cost and high-performance products	Finished	Realize the iterative upgrading of products and enhance the competitiveness of refrigeration and air conditioning products	Enhance product competitiveness and expand market share
Chain BLDC Omega integrated heat pump project development	Develop a new generation of low-cost and high-performance products	Finished	Further enhance the cost and performance advantages of products and ensure the competitive advantage	Enhance product competitiveness and increase market share
First generation of PT	To combine the	Finished	Develop the first-	Open up the new

sensor	temperature sensor function into the pressure sensor and enter new business section		generation of sensors for automotive industry and to increase the turnover of commercial business unit.	energy vehicle business for sensor products.
Shut off valve for Industrial Refrigeration	To complete the portfolio of Industrial Refrigeration	Finished	Business expansion in the industrial refrigeration fields.	Expand the company's product portfolio to lay a solid foundation for entry into the industrial refrigeration fields.
New BPHE S65A	To complete the portfolio of Brazed Plate Heat Exchanger	Finished	Improve system energy efficiency and meanwhile reduce refrigerant charge and carbon emissions.	Enhance market competitiveness in brazed plate heat exchangers.

R&D personnel of the Company

	2024	2023	Change proportion
Number of R&D personnel (person)	3,578	3,241	10.40%
Proportion of R&D personnel	18.08%	18.28%	-0.20%
Academic structure of R&D personnel			
Master degree and above	723	510	41.76%
Bachelor degree	2,021	1,929	4.77%
Junior college and below	834	802	3.99%
Age composition of R&D personnel			
Under the age of 30	1,744	1,582	10.24%
Age between 30 and 40	1,313	1,191	10.24%
Over the age of 40	521	468	11.32%

R&D investment of the Company

	2024	2023	YoY Change (%)
Amount of R&D expenses (RMB)	1,351,798,786.50	1,096,834,224.41	23.25%
R&D investment as a percentage of revenue	4.84%	4.47%	0.37%
Capitalized R&D expenses (RMB)	0.00	0.00	0.00%
Capitalized R&D expenses as a percentage of R&D expenses	0.00%	0.00%	0.00%

Reasons and effects of major changes in the composition of R&D personnel

Applicable Not applicable

Reason of significant change of total R&D expenses as a percentage of total revenue compared to last year

Applicable Not applicable

Reason and explanation of its reasonableness of significant change of the capitalized R&D expenses

Applicable Not applicable

5. Cash flow

Unit: RMB

Items	2024	2023	YoY Change (%)
Subtotal of cash inflows from operating activities	29,187,824,180.93	25,391,076,341.93	14.95%
Subtotal of cash outflows from operating activities	24,821,193,232.57	21,667,111,987.30	14.56%
Net cash flows from operating activities	4,366,630,948.36	3,723,964,354.63	17.26%
Subtotal of cash inflows from investing activities	4,037,542,929.40	1,695,486,300.46	138.13%
Subtotal of cash outflows from investing activities	7,549,080,014.38	2,904,766,053.95	159.89%
Net cash flows from investing activities	-3,511,537,084.98	-1,209,279,753.49	-190.38%
Subtotal of cash inflows from financing activities	2,768,376,499.52	1,606,752,389.73	72.30%
Subtotal of cash outflows from financing activities	3,723,676,041.49	2,698,602,678.24	37.99%
Net cash flows from financing activities	-955,299,541.97	-1,091,850,288.51	12.51%
Net increase in cash and cash equivalents	-181,453,008.94	1,574,626,897.07	-111.52%

Explanation of why the related data varied significantly on a YoY basis

Applicable Not applicable

1. Net cash flow from operating activities increased: Primarily attributable to the growth in cash receipts from sales of goods and rendering of services.

2. Net cash flow from investment activities decreased: Mainly resulting from increased purchases of securities firm wealth management products and reverse repurchase agreements of government bonds during the period.

3. Net cash flow from financing activities increased: Principally due to the issuance of restricted shares to employees in the current period, leading to higher cash inflows from equity financing activities.

Explanation of reasons leading to the material difference between cash flow from operating activities during the reporting period and net profit for the year

Applicable Not applicable

V. Non-core Business Analysis

Applicable Not applicable

Unit: RMB

	Amount	Proportion to net profit	Note of Change	Sustainability
Investment Income	-16,279,865.95	-0.44%	Realized gains/losses from settlement of foreign exchange derivatives, futures contracts, and investment income from bank wealth management products.	No
Gains and Losses from Change of Fair Value	-90,733,609.50	-2.46%	Unrealized gains/losses from fair value adjustments on foreign exchange derivatives and mark-to-market valuation of futures contracts.	No
Non-operating Revenue	9,648,962.88	0.26%	Non-operating gains including reversal of accrued liabilities, penalties received, gains on asset disposals, and bargain purchase gains from acquisitions.	No
Non-operating Expenditures	28,017,800.98	0.76%	Loss on disposal of fixed assets, compensation payments, and breach of contract penalties	No
Credit Impairment Loss	-56,378,564.98	-1.53%	Bad debt expenses	No
Assets Impairment Loss	-62,921,312.20	-1.70%	Inventory write-downs, property, plant and equipment impairment losses, and goodwill impairment losses	No
Gains on Disposal of Properties	3,016,317.77	0.08%	Gain on fixed asset disposals	No
Other Gains	229,205,925.38	6.21%	Government grants, VAT refunds for social welfare enterprises under civil administration, VAT rebates for software products exceeding tax thresholds, VAT additional deductible credits, and other similar fiscal incentives	VAT refunds for civil-administered welfare enterprises, VAT rebates for software products exceeding tax thresholds, and VAT additional deductible credits are recurring government incentives, while the remaining items are non-recurring in nature.

VI. Analysis of Assets and Liabilities

1. Material changes of assets

Unit: RMB

	December 31st 2024		January 1st 2024		YoY Change (%)	Note of significant change
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Cash and Bank Balances	5,248,567,646.21	14.44%	6,584,684,683.93	20.65%	-6.21%	Primarily attributable to the increase in acquisitions and construction of property, plant and equipment (PP&E), intangible assets, and other long-term assets
Account Receivable	6,951,066,861.07	19.12%	5,773,991,481.22	18.11%	1.01%	Primarily attributable to the increase in sales and the variance in accounts receivable balance caused by different distributions of payment terms and collection methods
Inventories	5,280,441,824.48	14.52%	4,600,729,378.19	14.43%	0.09%	Primarily attributable to the increase in sales and anticipatory inventory
Investment property	7,053,153.92	0.02%	8,165,805.31	0.03%	-0.01%	
Long-term Equity Investment	40,599,793.42	0.11%	37,924,431.29	0.12%	-0.01%	
Fixed Assets	9,794,453,949.92	26.94%	7,730,363,778.82	24.24%	2.70%	Primarily attributable to the deployment of raised capital and increased investment in

						automation equipment upgrades
Construction in Progress	2,171,985,301.79	5.97%	2,036,326,757.72	6.39%	-0.42%	
Assets with right of use	336,584,880.00	0.93%	313,254,745.53	0.98%	-0.05%	
Short-term borrowings	1,553,345,651.16	4.27%	1,212,150,378.85	3.80%	0.47%	Primarily attributable to the increase in unsecured loans
Contractual liabilities	49,461,722.83	0.14%	51,788,802.03	0.16%	-0.02%	
Long-term borrowings	2,045,772,594.73	5.63%	1,030,801,111.13	3.23%	2.40%	Primarily attributable to the increase in unsecured loans
Lease liabilities	237,913,009.51	0.65%	221,295,481.86	0.69%	-0.04%	
Note receivable	2,677,270,284.96	7.36%	2,476,839,413.89	7.77%	-0.41%	
Other Current Assets	1,720,539,931.75	4.73%	251,073,584.56	0.79%	3.94%	Primarily attributable to the increase in principal-protected income certificates and government bond reverse repurchase agreements
Intangible Assets	1,074,511,282.42	2.96%	843,866,292.82	2.65%	0.31%	Primarily attributable to increased acquisitions of land use rights and overseas land ownership
Deferred Charges	200,664,440.75	0.55%	118,096,436.09	0.37%	0.18%	Primarily attributable to increased expenditures on leased asset improvements and tooling & mold costs
Note payable	3,791,834,944.38	10.43%	3,416,711,594.64	10.71%	-0.28%	

Account payable	5,985,427,008.79	16.46%	4,449,940,359.81	13.95%	2.51%	Primarily attributable to sales growth and the resultant increase in accounts payable driven by expanded procurement and inventory buildup activities
Other payables	545,412,160.30	1.50%	250,642,662.86	0.79%	0.71%	Primarily attributable to the increase in repurchase obligations for restricted stock
Non-current liabilities due within one year	590,993,952.12	1.63%	1,440,093,253.93	4.52%	-2.89%	Primarily attributable to the decrease in guaranteed loans due within one year
Deferred Income	607,754,278.80	1.67%	379,140,042.48	1.19%	0.48%	Primarily attributable to the increase in asset-related government grants

Whether the proportion of overseas assets is relatively high

Applicable Not applicable

Content of assets	Cause of formation	Asset scale	Location	Operation mode	Control measures to ensure asset security	Earnings	The proportion of overseas assets to the company's net assets	Whether there is significant impairment risk
Sanhua International Co., Ltd. (USA) (Consolidated)	Equity investment	2,173,191,801.51	United States	Research and development, manufacturing, sales, and investment management	Financial supervision, commissioned external audit	205,207,463.53		No
Sanhua International	Equity investment	4,841,726,272.11	Singapore	Manufacturing, sales, and	Financial supervision,	-140,704,503.46		No

Singapore PTE. Ltd. (Consolidated)				investment management	commissioned external audit			
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2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Items	Opening balance	Profit and loss of fair value change in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Current purchase amount	Current sale amount	Other changes	Closing balance
Financial Assets								
2. Derivative financial assets	22,636,112.68	-16,398,910.20						6,237,202.48
Subtotal of financial assets	22,636,112.68	-16,398,910.20						6,237,202.48
Total	22,636,112.68	-16,398,910.20						6,237,202.48
Financial liabilities	14,219,110.02	65,459,008.91						79,678,118.93

Whether there were any material changes on the measurement attributes of major assets of the Company during the reporting period:

Yes No

3. Assets right restrictions as of the end of reporting period

Items	Closing book balance	Closing Book value	Types of restrictions	Restriction reason
Cash and Bank Balances	62,214,705.42	62,214,705.42	pledge	Margin deposits
Cash and Bank Balances	3,199,267.50	3,199,267.50	pledge	Litigation-related frozen funds
Note Receivable	1,839,461,606.51	1,839,461,606.51	pledge	Pledged financing facilities
Accounts receivable	84,120,090.81	79,914,086.27	restricted use	E-receivables under factoring arrangements (non-recourse) with deferred settlement
Total	1,988,995,670.24	1,984,789,665.70	--	--

VII. Analysis of Investment

1. Overview

Applicable Not applicable

Investment amount during the reporting period (RMB)	Investment amount in the comparative period (RMB)	YoY Change (%)
362,922,553.15	1,297,612,083.54	-72.03%

2. Significant equity investment during the reporting period

Applicable Not applicable

3. Significant non-equity investment during the reporting period

Applicable Not applicable

4. Financial asset investment

(1) Securities Investments

Applicable Not applicable

No such case in the reporting period.

(2) Derivatives Investments

Applicable Not applicable

1) Derivative investments for hedging purposes during the reporting period

Applicable Not applicable

Unit: RMB in 10 thousand

Types of derivative investments	Initial investment amount	Beginning balance	Gains and losses from changes in fair value in the current period	Accumulated fair value changes recognized in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Closing balance	Ratio of ending investment amount to the company's net assets at the end of the reporting period
Futures instruments, foreign exchange								

instruments, etc.								
Total								
Disclosure of the accounting policies, specific accounting principles applied to hedging activities during the reporting period, and whether there have been any material changes compared to the prior reporting period								
Disclosure of actual profit and loss for the reporting period								
Disclosure on the effectiveness of hedging activities								
Source of funding for derivative investment	Own funds							
Disclosure of risk analysis and control measures for derivative positions during the reporting period (Including, but not limited to, market risk, liquidity	<p>To hedge against commodity price volatility and mitigate foreign exchange exposure risks, the Company and the subsidiaries engage in derivative instrument transactions, including futures contracts and foreign exchange derivatives. Strict adherence is maintained to the <i>Operational Guidelines for Futures Hedging Activities</i> and <i>Foreign Exchange Risk Hedging Management Policy</i>.</p>							

risk, credit risk, operational risk, and legal risk)	
Disclosure of changes in market prices or fair value of held derivatives during the reporting period. The fair value analysis of derivatives shall disclose the specific valuation methods employed, along with the related assumptions and parameter settings.	N/A
Litigation (if applicable)	N/A
Disclosure Date of Board Approval for Derivatives Investments (if applicable)	April 28, 2024
Disclosure Date of Shareholders' Meeting Approval for Derivatives Investments (if applicable)	May 20, 2024

2) Derivative investments for speculative purposes during the reporting period

Applicable Not applicable

No such case in the reporting period.

5. Usage of raised funds

Applicable Not applicable

(1). Overall usage of raised fund

Applicable Not applicable

Unit: RMB in 10 thousand

Year	Method	Securities Listing Date	Total amount of raised funds	Net amount of raised funds (1)	Total amount of raised funds invested in the report period	Accumulated amount of raised funds invested (2)	Utilization ratio (3)=(2)/(1)	Total amount of repurposed raised funds during the reporting period	Cumulative total amount of repurposed raised funds	Proportion of cumulative repurposed raised funds to total raised funds	Total amount of unused raised funds	Intended use and deployment status of unutilized raised funds	Raised funds has not been used for two years
2021	Public offering of convertible corporate bonds	June 30, 2021	300,000	298,753.1	23,733.3	242,409.03	81.14%				69,782.81	As of December 31, 2024, the balance of the company's raised funds actually allocated to wealth management products amounted to RMB 694 million, with the remaining	

												funds held in the designated raised funds account																																		
Total	--		300,000	298,753.1	23,733.3	242,409.03	81.14%				69,782.81	--	0																																	
Description of Overall Usage of Raised Funds																																														
<p>1. The actual amount of raised fund and date of transfer in</p> <p>Upon approval by the China Securities Regulatory Commission (Approval No. ZJXH [2021] 168), the Company publicly issued 30 million convertible corporate bonds ("Sanhua Convertible Bonds") in June 2021, each with a face value of RMB 100, raising total proceeds of RMB 3,000 million (equivalent to RMB 3 billion). After deducting issuance costs of RMB 12,468,991.59, the net proceeds amounted to RMB 2,987,531,008.41. The receipt of these funds was verified by Tianjian Certified Public Accountants, which issued the <i>Capital Verification Report</i> (Tianjian Yan [2021] No. 277).</p> <p>As Zhejiang Sanhua Commercial Refrigeration Co., Ltd. (the wholly-owned subsidiary, hereinafter "Sanhua Commercial Refrigeration") is one of the implementation entities for the funded projects, the Company has transferred RMB 1,487 million (equivalent to RMB 1.487 billion) of the raised capital to Sanhua Commercial Refrigeration through the capital increase arrangement.</p>																																														
<p>2. Usage and balance of raised funds</p> <p style="text-align: right;">(Unit: RMB in 10 thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Items</th> <th style="width: 20%;">Index</th> <th style="width: 20%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Net amount of funds raised in the current period</td> <td style="text-align: center;">A</td> <td style="text-align: right;">298,753.10</td> </tr> <tr> <td rowspan="2">Accumulated amount as of the beginning of the period</td> <td>Project investment</td> <td style="text-align: right;">218,675.73</td> </tr> <tr> <td>Net income from raised funds</td> <td style="text-align: right;">5,123.08</td> </tr> <tr> <td rowspan="2">Amount incurred in this reporting period</td> <td>Project investment</td> <td style="text-align: right;">23,733.30</td> </tr> <tr> <td>Net income from raised funds</td> <td style="text-align: right;">8,315.66</td> </tr> <tr> <td rowspan="2">Accumulated amount by the end of the period</td> <td>Project investment</td> <td style="text-align: right;">D1=B1+C1 242,409.03</td> </tr> <tr> <td>Net income from raised funds</td> <td style="text-align: right;">D2=B2+C2 13,438.74</td> </tr> <tr> <td>Net proceeds for cash management</td> <td style="text-align: center;">F</td> <td style="text-align: right;">69,400.00</td> </tr> <tr> <td>Calculated balance of raised funds</td> <td style="text-align: center;">E=A-D1+D2</td> <td style="text-align: right;">382.81</td> </tr> <tr> <td>Actual balance of raised funds</td> <td style="text-align: center;">G</td> <td style="text-align: right;">382.81</td> </tr> <tr> <td>Difference</td> <td style="text-align: center;">H=E-G</td> <td style="text-align: right;">0.00</td> </tr> </tbody> </table>														Items	Index	Amount	Net amount of funds raised in the current period	A	298,753.10	Accumulated amount as of the beginning of the period	Project investment	218,675.73	Net income from raised funds	5,123.08	Amount incurred in this reporting period	Project investment	23,733.30	Net income from raised funds	8,315.66	Accumulated amount by the end of the period	Project investment	D1=B1+C1 242,409.03	Net income from raised funds	D2=B2+C2 13,438.74	Net proceeds for cash management	F	69,400.00	Calculated balance of raised funds	E=A-D1+D2	382.81	Actual balance of raised funds	G	382.81	Difference	H=E-G	0.00
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(2). Statement of Committed Investment Projects of Raised Funds

√Applicable □Not applicable

Unit: RMB in 10 thousand

Name	Securities listing date	Committed investment projects and allocation of over-raised funds	Nature of the project	Whether project has been (or partially) altered	Total committed investment of raised funds	Total investment after alteration (1)	Investment in the current year	Accumulative investment at the end of the period (2)	Investment progress at the end of the period (%) (3) = (2)/(1)	Date of asset ready for intended use	Benefits achieved in the current year	Cumulative realized benefits as of the end of the reporting period	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Committed investment projects														
Construction project of commercial refrigeration and air conditioning intelligent control components with an annual output of 65 million sets	June 30, 2021	Construction project of commercial refrigeration and air conditioning intelligent control components with an annual output of 65 million sets	Production and infrastructure development	No	148,700	148,700	12,100.74	121,428.89	81.66%	May 31, 2025			N/A	No
Technical transformation project of high-efficiency and energy-saving refrigeration and air conditioning control components with an annual output of 50.5 million sets	June 30, 2021	Technical transformation project of high-efficiency and energy-saving refrigeration and air conditioning control components with an annual output of 50.5 million sets	Production and infrastructure development	No	69,800	69,800	11,632.56	39,706.74	56.89%	May 31, 2025			N/A	No
Supplemental working capital	June 30, 2021	Supplemental working capital	Supplementation	No	81,500	81,500		81,273.4	99.72%				N/A	No
Subtotal of committed projects			investment	--	300,000	300,000	23,733.3	242,409.03	--	--			--	--
Total				--	300,000	300,000	23,733.3	242,409.03	--	--			--	--

<p>Explanation by Project Item on Schedule Delays and Failure to Achieve Projected Returns (Including Rationale for Selecting "Not Applicable" for Achievement of Expected Benefits)</p>	<p>Approved by the Company's Board of Directors on August 28, 2024, the scheduled operational readiness date for the "Technical Upgrade Project for Annual Production of 50.50 Million Energy-Efficient Air Conditioning Control Components" has been postponed from August 2024 to May 2025, with all other project specifications remaining unchanged.</p> <p>The newly added production capacity under the "Technical Upgrade Project for Annual Production of 50.50 Million Energy-Efficient Air Conditioning Control Components" has been progressively realized during the construction period, with work-in-progress assets systematically converted into fixed assets. Due to the Company's prudent allocation and rational deployment of raised funds—aligned with current product portfolios and evolving market dynamics—delays occurred in the procurement, commissioning, and debugging of certain precision machining and modular assembly equipment, rendering the project temporarily ineligible for finalization. After comprehensive evaluation of the current construction progress and pending tasks (including equipment commissioning, trial operations, and final acceptance), the Company has extended the project's scheduled operational readiness date to May 2025 under prudent investment principles.</p> <p>The "Technical Upgrade Project for Annual Production of 50.50 Million Energy-Efficient Air Conditioning Control Components" is a capacity-expanding technical upgrade initiative directly implemented by the Company under integrated management and centralized accounting. The project's actual economic benefits cannot be separately quantified. According to the feasibility study, full production capacity is projected to generate annual tax-inclusive sales revenue of RMB 1,980 million under normal operating conditions, which is expected to significantly enhance the operational performance of the "Energy-Efficient Refrigeration Control Components" business segment.</p> <p>Separately, the "Working Capital Supplement" allocation does not directly yield measurable economic returns, serves no independent analytical purpose, and neither its projected nor actual benefits are subject to discrete evaluation or quantification.</p>
<p>Significant changes in the feasibility of projects</p>	<p>N/A</p>
<p>Amount, usage and use progress of over-raised Funds</p>	<p>N/A</p>
<p>Change in implementation location of investment projects of Raised Funds</p>	<p>N/A</p>
<p>Adjustment to implementation method of investment projects of Raised Funds</p>	<p>N/A</p>
<p>Advance investments and replacement status of funds raised for investment projects</p>	<p>Applicable</p> <p>In 2024, the company has not engaged in any advance investments or replacements related to the use of funds raised through convertible corporate bonds. In 2021, the Company replaced advance investments with raised funds totaling RMB 179.3857 million.</p>
<p>Status of temporary working capital supplementation using idle raised funds</p>	<p>N/A</p>
<p>The amount and reasons of the balance of raised funds in the project implementation</p>	<p>N/A</p>
<p>Applications of unused raised funds</p>	<p>The balance of funds raised allocated to wealth management products and time deposits amounted to RMB 694.00 million as of the reporting period-end.</p>

Problems or other situations in the use and disclosure of raised funds	N/A
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(3). Statement of Altered Investment Projects of Raised Funds

Applicable Not applicable

There were no changes in raised funds during the reporting period.

VIII. Disposal of Significant Assets and Equity

1. Disposal of significant assets

Applicable Not applicable

During the reporting period, there was no disposal of significant assets

2. Disposal of significant equity

Applicable Not applicable

IX. Analysis of Major Subsidiaries and Investees

Applicable Not applicable

Information about major subsidiaries, and investees that contribute above 10% of the Company's net Profit

Unit: RMB

Company name	Company type	Principal business	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
Zhejiang Sanhua Automotive Component s Co., Ltd.	Subsidiary	Automotive component s manufacturing and marketing	2.16 billion	14,584,304,463.15	7,809,943,767.62	11,746,817,200.18	1,810,033,949.94	1,582,697,191.87
Zhejiang Sanhua Commercial Refrigeration Co., Ltd.	Subsidiary	Refrigeration and A/C electrical component s manufacturing and marketing	1,655.29 million	3,125,592,955.93	2,546,670,976.17	2,432,320,360.99	482,915,523.23	425,270,891.04
Hangzhou Sanhua Micro Channel Heat Exchanger Co., Ltd.	Subsidiary	Refrigeration and A/C electrical component s manufacturing and marketing	360 million	2,699,658,080.42	1,420,934,904.49	2,805,374,094.80	213,282,971.98	182,795,288.27

Zhejiang Sanhua Trading Co., Ltd.	Subsidiary	Refrigeration and A/C electrical components marketing	50 million	5,193,714,406.42	195,265,286.05	5,956,608,966.76	39,414,607.22	20,951,994.35
Sanhua International Inc. (United States) (Consolidated)	Subsidiary	Refrigeration and A/C electrical components manufacturing marketing and investment management	37.55 million USD	2,173,191,801.51	1,374,283,526.83	5,544,417,865.78	297,156,196.41	205,207,463.53
Sanhua International Singapore PTE. Ltd. (Consolidated)	Subsidiary	Refrigeration and A/C electrical components manufacturing marketing and investment management	175.1512454 million USD	4,841,726,272.11	1,104,991,720.81	7,330,275,163.35	- 118,315,916.95	- 140,704,503.46

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall operation and performance
Hangzhou Lvneng New Energy Vehicle Components Co., Ltd.	Contractual acquisition	No significant impact
Zhejiang Sanhua Intelligent Drive Co., Ltd.	Investment and establishment	No significant impact
Zhejiang Shengtai Paper Industry Co., Ltd.	Investment and establishment	No significant impact
Sanhua Automotive Components Korea Co., Ltd.	Investment and establishment	No significant impact
Sanhua International Singapore PTE. Ltd. (Consolidated)	Investment and establishment	No significant impact
Sanhua Intelligent Drive (Thailand) Co., Ltd.	Investment and establishment	No significant impact
SANHUATROY PROPERTY MANAGEMENT,LLC	Investment and establishment	No significant impact
American Tubing International Leverage lender LLC	Liquidation and cancellation	No significant impact

X. Structural Entities Controlled by the Company

Applicable Not applicable

XI. Outlook for the Future Development of the Company

1. Development strategy

The Company adheres to the business strategy of "Dedication and Leadership, Innovation and Surpassing" and firmly grasps the product development theme of energy conservation, environmental protection and intelligent control. With the research and application of heat pump technology and thermal management system products as the core, we continuously expand the global business expansion through continuous innovation of products and technologies. It transformed from "cost leading" to "technology leading", from "mechanical component development" to "electronic control integrated system control technology solution development" in order to provide competitive environmental intelligent control solutions for global high-quality customers. Sanhua has become a global leader in the intelligent climate control systems industry.

2. Business plan for 2025

(1) Refrigeration air conditioning electrical components business

Amid accelerating global energy transition initiatives, the Company will persistently strengthen product competitiveness and expand operational scale. Anchored in the triad of cost-effectiveness, operational efficiency, and quality excellence, process optimization across design, engineering, manufacturing, procurement, and quality control drives continuous operational enhancement and consolidation of comprehensive comparative advantages. The globally integrated manufacturing footprint enables proactive formulation of cross-border production synergy strategies aligned with current market conditions and geopolitical projections. Dual breakthroughs in technological innovation and client diversification facilitate accelerated growth in the data center solutions sector through cross-business unit synergies. Emerging regional markets are strategically prioritized to unlock future growth potential.

(2) Automotive components business

The Company will proactively address the new competitive landscape in the NEV market, transitioning from rapid expansion to refined operations by implementing streamlined processes and improving labor efficiency. In product development, we will build upon common technology platforms to enhance modular reuse rates, with focused efforts on strengthening product competitiveness in integrated components, valves, pumps, and heat exchangers. We will systematically optimize the end-to-end planning chain while improving organizational capabilities and operational efficiency. Centering on customer needs, we will deepen collaboration with strategic partners while maintaining effective risk control. Furthermore, we will standardize lean management practices in overseas facilities, upgrading process equipment capabilities and automation levels.

(3) Strategic emerging businesses

In the field of bionic robotics business, the Company has maintained focus on electromechanical actuators, continuing the collaboration with clients on full-series product R&D, prototyping, iteration, and sample submission. Meanwhile, intensified development efforts have been implemented on core components of electromechanical actuators. Concurrently, strategic deployment of overseas production facilities for electromechanical actuators is underway, accompanied by ongoing recruitment to expand R&D personnel, aiming to consolidate first-mover advantage in this emerging market segment.

3. Main risks for future development

(1) Risk of price fluctuation of raw materials

The raw materials required by the Company are copper and aluminum, which account for a large proportion of the cost composition of the products. Therefore, the fluctuation of the market price of raw materials will bring large cost pressure to the Company. The Company will reduce the adverse impact of raw material price

fluctuations through the establishment of linkage pricing mechanism, hedging operation of commodity futures, and timely negotiation with customers.

(2) The risk of rising labor cost

The labor costs are rising year by year, which reduces the profit margin of the Company to a certain extent. In the future, the Company will continue to improve the level of intelligent manufacturing by continuously promoting lean production, process improvement and technical transformation.

(3) Trade and exchange rate risk

The Company's export volume is large, involving North America, Europe, Japan, Southeast Asia and other regions. Due to the changes in regional trade policies, the Company's daily operation will be affected. The Company deals with interregional trade risks through transferring production capacity to foreign countries. In addition, the fluctuation of exchange rate will also have a certain impact on the profit. According to the actual situation, the Company deals with and reduces this risk by means of forward foreign exchange settlement and establishing overseas production bases in the United States, Poland, Mexico, Vietnam, India and other places.

XII. Reception of activities including research, communication and interviews during the report period

√ Applicable □ Not applicable

Date of reception	Location of reception	Method of reception	Type of reception object	Reception object	Main contents of discussion and materials provided	Index of basic situation of the research
January 12, 2024	Hangzhou	On-site research	Institution	Baillie Gifford Tony Wang etc.31 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
January 19, 2024	Hangzhou	On-site research	Institution	Qianhai Huxin Guoqing Ma etc.9 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
February 20,2024	Conference Room	Teleconference	Institution	Jiupeng Asset Chen Yong etc. 929 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
April 30,2024	Conference Room	Teleconference	Institution	Schroeder Amelia Wong etc. 353 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
May 20,2024	Shenzhen Stock Exchange's "Interactive-E	Network platform online communication	Individual/Institution	All investors	Introduction of the company's operation and	http://irm.cninfo.com.cn/ssessgs/S002050

	Platform" - "Cloud Interviews"				reply to investors' questions	
June 20,2024	Xinchang	On-site research	Institution	Changjiang Securities Wu Bohua etc. 127 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
August 30,2024	Conference Room	Teleconference	Institution	Hongdao Investment Wang Kai etc. 278 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
October 31, 2024	Conference Room	Teleconference	Institution	Abrdn (Hong Kong) Cheng Jingyi etc. 343 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050
November 8, 2023	Singapore	Other	Institution	GIC June Long etc.39 investors in total	Introduction of the company's operation and reply to investors' questions	http://irm.cninfo.com.cn/ssessgs/S002050

XIII. Establishment and implementation progress of the market value management system and the valuation enhancement plan

Has the Company established the market value management system

Applicable Not applicable

Has the company disclosed the valuation enhancement plan

Applicable Not applicable

The Company convened the 31st Meeting of the 7th Board of Directors on March 25, 2025, *Proposal on Establishing the Market Value Management System for Zhejiang Sanhua Intelligent Controls Co., Ltd.* was reviewed and approved.

XIV. Implementation status of the "Dual Enhancement of Quality and Returns" action plan

Has the Company disclosed the "Dual Enhancement of Quality and Returns" Action Plan announcement

Applicable Not applicable

The Company has conscientiously implemented the guiding principles set forth in the Political Bureau of the CPC Central Committee meeting, which emphasized the need to "revitalize the capital market and bolster investor confidence," as well as those articulated in the State Council Executive Meeting, advocating for "substantial improvements in the quality and investment value of listed companies through more robust and effective measures to stabilize markets and reinforce confidence." Upholding high-quality development as its primary objective, the Company has pursued tailored strategies to cultivate new quality productive forces in accordance with local conditions, thereby strengthening investor confidence and safeguarding the interests of all shareholders. In alignment with its development strategy, operational status, and financial position, the Company has formulated

an Action Plan for the "Dual Enhancement of Quality and Returns." For detailed information, please refer to the Notice Regarding the Action Plan for the "Dual Enhancement of Quality and Returns" (Announcement No.: 2024-079) disclosed on the CNINFO Information Network on September 4, 2024.

Section IV Corporate Governance

I. Basic situation of corporate governance

During the reporting period, the Company strictly abided by the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Self-regulatory Guidelines for Listed Companies No. 1-Standardized Operation of Main Board Listed Companies* and other applicable laws and regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange. We continue to improve the corporate governance structure, establish and improve the internal control system, strengthen the management of information disclosure, actively carry out the activities of investor relations, standardize the operation of the Company, and improve the level of corporate governance. During the reporting period, the Company revised the *Articles of Association*, *Rule of Procedure for Shareholders Meeting*, *Rules of Procedure for Board Meetings*, *Independent Director System*, *Audit Committee System of the Board of Directors*, *Nomination Committee System of the Board of Directors*, *Compensation and Assessment Committee System of the Board of Directors*, and formulated *Special Meeting System for Independent Directors* and further designed the corporate governance system. As of the end of the report period, the actual situation of corporate governance conforms to the regulatory documents of CSRC on the governance of listed companies.

1. Shareholders and general meeting of shareholders

The Company convenes the general meeting of shareholders in strict accordance with the requirements of the *Rules for General Meetings of Shareholders of Listed Companies*, the *Articles of Association* and the *Rules of Procedure of the Shareholders' Meeting*. When the shareholders' meeting deliberates related matters, the related shareholders shall avoid voting. The related transactions shall be fair and reasonable without any damage to the interests of shareholders. Treat all shareholders equally, ensure that all shareholders, especially minor shareholders, have equal status and fully exercise their rights. The shareholders' meetings held during the reporting period were convened by the board of directors and lawyers were invited to attend the meeting on site.

2. Directors and the board of directors

The Company elect directors in strict accordance with the *Articles of Association* and *Rules of Procedure for the Board of Directors*; the number and composition of the board of directors meet the requirements of laws and regulations and the *Articles of Association*. The board of directors convenes meetings in accordance with the *Company Law* and the *Rules of Procedure of the Board of Directors*. All directors exercise their rights diligently, attend the board of directors and shareholders' meeting and actively participate in relevant training.

3. Supervisors and board of supervisors

The board of supervisors elects the supervisors in strict accordance with the *Company Law* and the *Articles of Association*; the composition and number of the board of supervisors meet the requirements of laws and regulations. The Company's supervisors conscientiously perform their duties in accordance with the *Rules of Procedure of the Board of Supervisors*, and effectively supervise and express their opinions on the Company's major issues, related party transactions, financial situation, and the legality and compliance of the Company's directors and senior managers in performing their duties.

4. Relationship between controlling shareholders and listed companies

The controlling shareholders can strictly regulate their own behaviors. There is no direct or indirect intervention beyond the provisions of general meeting of shareholders. The Company and its controlling shareholders are mutually independent of each other in personnel, assets, finance, institutions and business. The board of directors, board of supervisors and internal institutions of the Company operate independently. There is no such situation that the controlling shareholders occupy the funds of the listed company for non-operating purposes.

5. Information disclosure and investor relationship management

During the reporting period, the Company designated *Securities times*, *Shanghai Securities News* and CNINFO as the information disclosure media, and disclosed information truthfully, accurately and timely in strict accordance with relevant laws and regulations, so as to ensure that all shareholders of the Company have fair access to the relevant information. In addition, the Company designated the secretary of the board of directors as the person in charge of investor relationship management. Daily management of investor relations includes answering investors' questions through telephone, email, interactive platform etc., strengthening the communication with investors so as to fully guarantee the investors' right to learn the truth.

6. Performance evaluation and incentive mechanism

The Company has established a comprehensive employee performance evaluation and incentive mechanism. The appointment of senior managers is open and transparent, and conforms to the relevant laws, regulations and the *Articles of Association*. In the future, the Company will explore more forms of incentive methods, form a multi-level incentive mechanism, improve the performance evaluation standards, better mobilize the work enthusiasm of management personnel, and attract and stabilize excellent management talents and technical and business backbones.

7. Stakeholders

The Company can fully respect and safeguard the legitimate rights and interests of stakeholders, and realize the coordination and balance of interests of shareholders, employees and society. The Company adheres to the relevant laws and regulations, constantly improves the corporate governance system, and effectively protects the interests of investors.

Whether the actual status of corporate governance significantly deviates from the laws, administrative regulations and the regulatory documents issued by the China Securities Regulatory Commission regarding the governance of listed companies

Yes No

The actual status of corporate governance does not significantly deviate from the laws, administrative regulations and the regulatory documents issued by the China Securities Regulatory Commission regarding the governance of listed companies

II. Company's Independence in Assets, Persons, Financial affairs, Institutions, and Business from Controlling Shareholders

The Company is separated from the controlling shareholder, the actual controller and the controlled enterprises in business, personnel, assets, institutions and finance, and has the ability of independent operation.

1. Business independence

The main business of the Company is outstanding, and it has its own corresponding system in production, procurement and sales. It is independent of the controlling shareholder, has a complete business structure, and does not rely on the shareholders or any other related parties. The shareholders exercise their right through participating in the general meeting of shareholders in accordance with the law. There is no such situation that the shareholders interfere in the operation beyond the provision of general meeting.

2. Personnel independence

The directors, supervisors and senior management of the Company are elected or appointed in accordance with the legal election procedure stipulated in the *Company Law* and the *Articles of Association*. The Company's personnel, labor and wages are completely independent. The salary payment, welfare expenses and other expenses of the staff are strictly separated from the controlling shareholder.

3. Asset completeness

The Company has tangible assets, such as land, buildings, machinery and equipment, vehicles, office facilities, test facilities and intangible assets, such as trademarks, patents, proprietary technology. It has an independent procurement and sales system and an independent and complete asset structure.

4. Institution independence

In accordance with the relevant provisions of the *Company Law* and the *Articles of Association*, the Company has established the institutions like general meeting of shareholders, the board of directors, the board of supervisors and other authorities, and formulated the corresponding rules of procedure. The Company's production and operation sites are separated from the controlling shareholders, and a comprehensive organizational system has been established. The board of directors, the board of supervisors and other internal institutions operate independently. There is no such situation that the controlling shareholder interferes in the business activities in the name of the listed company.

5. Finance independence

The Company has an independent financial department, equipped with full-time financial personnel, and established an independent accounting system and financial management system that can independently make financial decisions. The Company has separate accounts and pays taxes independently, opens independent account in bank and makes financial decisions independently.

III. Horizontal Competition

Applicable Not applicable

IV. Annual General Meeting and Extraordinary General Meetings convened during the Reporting Period

1. Annual general meeting of shareholders convened during the reporting period

Meeting	Nature	Proportion of participating investors	Convened Date	Disclosure Date	Disclosure Index
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The 1st extraordinary general meeting of shareholders in 2024	Interim general meeting of shareholders	17.37%	May 6, 2024	May 7, 2024	Announcement of the 1st Extraordinary General Meeting of Shareholders in 2024 (2024-028) was published in the <i>Securities Times</i> , <i>Shanghai Securities Journal</i> and CNINFO.
Annual general meeting of shareholders of 2023	Annual general meeting of shareholders	60.96%	May 20, 2024	May 21, 2024	Announcement of the 2023 Annual Shareholders' Meeting (2024-038) was published in the <i>Securities Times</i> , <i>Shanghai Securities Journal</i> and CNINFO.
The 2nd extraordinary general meeting of shareholders in 2024	Interim general meeting of shareholders	62.34%	June 20, 2024	June 21, 2024	Announcement of the 2nd Extraordinary General Meeting of Shareholders in 2024 (2024-055) was published in the <i>Securities Times</i> , <i>Shanghai Securities Journal</i> and CNINFO.
The 3rd extraordinary general meeting of shareholders in 2024	Interim general meeting of shareholders	57.17%	September 19, 2024	September 20, 2024	Announcement of the 3rd Extraordinary General Meeting of Shareholders in 2024 (2024-080) was published in the <i>Securities Times</i> , <i>Shanghai Securities News</i> and CNINFO.
The 4th extraordinary general meeting of shareholders in 2024	Interim general meeting of shareholders	57.60%	December 30, 2024	December 31, 2024	Announcement of the 4th Extraordinary General Meeting of Shareholders in 2024 (2024-105) was published in the <i>Securities Times</i> , <i>Shanghai Securities News</i> and CNINFO.

2. Extraordinary general meetings convened at the request of preferred shareholders with resumed voting rights:

Applicable Not applicable

V. Information of directors, supervisors, senior management

1. Basic information

Name	Gender	Age	Title	Tenure status	Commencement of term of office	Termination of term of office	Shares held at the beginning of the Period (Shares)	Shares increased during the Period (Shares)	Shares decreased during the Period (Shares)	Other changes (Shares)	Shares held at the end of the Period (Shares)	Reasons for increase or decrease of shares
Zhang Yabo	Male	51	Chairman of the board, CEO	Incumbent	December 13, 2012		39,024,200				39,024,200	
Wang Dayong	Male	56	Director, President	Incumbent	December 13, 2012		252,562	100,000			352,562	Equity Incentive Grant
Ren Jintu	Male	63	Director	Incumbent	January 26, 2022							
Ni Xiaoming	Male	57	Director	Incumbent	May 6, 2011		245,062	80,000			325,062	Equity Incentive Grant
Chen Yuzhong	Male	59	Director, chief engineer	Incumbent	November 29, 2011		336,750	80,000			416,750	Equity Incentive Grant
Zhang Shaobo	Male	46	Director	Incumbent	May 18, 2015							
Bao Ensi	Male	57	Independent director	Incumbent	August 3, 2021							
Shi Jianhui	Male	53	Independent director	Incumbent	May 19, 2020							
Pan Yalan	Female	60	Independent director	Incumbent	February 26, 2021							
Zhao	Male	54	Conve	Incum	Nov							

Yajun			ner of the board of supervisors	bent	mber 29, 2011							
Mo Yang	Male	49	Supervisor	Incumbent	August 3, 2021		14,568				14,568	
Chen Xiaoming	Male	56	Employee representative supervisor	Incumbent	March 26, 2011		11,100				11,100	
Hu Kaicheng	Male	50	Vice president, Secretary of the board of directors	Incumbent	January 26, 2015		252,562	80,000			332,562	Equity Incentive Grant
Yu Yingkui	Male	51	Vice president, CFO	Incumbent	September 30, 2011		283,869	80,000			363,869	Equity Incentive Grant
Total	--	--	--	--	--	--	40,420,673	420,000	0		40,840,673	--

During the reporting period, whether there was any resignation of directors and supervisors and dismissal of senior managers during their term of office

Applicable Not applicable

Changes of Directors, Supervisors and Senior Management

Applicable Not applicable

2. Positions and Incumbency

The professional background, main work experience and main responsibilities of the current directors, supervisors and senior managers of the company

Mr. Zhang Yabo: Born in 1974, master of Business Administration of CEIBS. Graduated from Shanghai Jiao Tong University in July, 1996. From May 2007 to September 2009, he served as the vice president of Sanhua Holding Group Co., Ltd.; from May 2007 up to present, he has been appointed as the director and vice chairman of the board of directors of Sanhua Holding Group Co., Ltd.; He has served as Chairman of Xinchang Huaxin Industrial Co., Ltd. since March 2016 and as Chairman of Hangzhou Sanhua Research Institute Co., Ltd. since February 2017. From September 2009 to December 2012, he served as the general manager of the Company; from October 2009 up to present, he has been appointed as the director of the Company; from December 2012 up to present, he has served as the chairman of the board and CEO of the Company.

Mr. Wang Dayong: Born in 1969, master's degree, senior economist and engineer. He served as chief of planning section, Secretary of general manager, director of manufacturing department, director of refrigeration valve business department, assistant to general manager, assistant to President, vice president and director of Sanhua Holding Group Co., Ltd. He served as a supervisor of the Company from December 2001 to April 2006, a director of the Company from April 2006 to May 2011. He has served as Director of Ningbo Jia'erling Pneumatic Machinery Co., Ltd. since October 2023. He currently serves as a director of Sanhua Holding Group Co., Ltd, and a director and President of the Company since December 2012.

Mr. Ren Jintu: Born in 1962, associate degree, associate senior accountant. From 1980 to 1994, he successively served as deputy factory director, financial director and deputy general manager of Xinchang Refrigeration Parts General Factory and Zhejiang Sanhua Group Co., Ltd; He has served as director of Sanhua Holding Group Co., Ltd. since August 1994 and as a director of Zhejiang Sanhua Lvneng Industrial Group Co., Ltd. since March 2001. From 2001 to 2006, he served as the director and general manager of the Company; From 2005 to 2015, he served as vice president of Sanhua Holding Group Co., Ltd. and general manager of Shanghai Jingyi Real Estate Co., Ltd; He served as a director of Ningbo Fuerda Intelligent Technology Co., Ltd since April 2021; He served as a director of the Company since January 2022.

Mr. Ni Xiaoming: Born in 1968, master's degree, senior economist. From January 2009 to July 2009, he served as the deputy general manager of sales of the Company; August 2009, he served as the deputy general manager of Sanhua Danfoss (Hangzhou) Microchannel Heat Exchanger Co., Ltd; since May 2010, he has served as the general manager of Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd, as well as the director of Sanhua Holding Group Co., Ltd; He has been a director of the Company since May, 2011.

Mr. Chen Yuzhong: Born in 1966, master's degree, senior engineer. He was the chief engineer of the Company from December 2001 to May 2011; he was the deputy general manager of the Company from May 2011 to December 2012; he has been the chief engineer of the Company since December 2012; he has been the general manager of Zhejiang Sanhua Refrigeration Group Co., Ltd. since August 2015; he has served as Director and General Manager of Zhejiang Sanhua Commercial Refrigeration Co., Ltd. since October 2020; he is also the director of Sanhua Holding Group Co., Ltd; and he has been the director of the Company since November 2011.

Mr. Zhang Shaobo: Born 1979, master's degree, graduated from the China Europe Institute of Business School. He served as general manager of Sanhua Real Estate Group and Zhejiang Sanhua Real Estate Co., Ltd; since July 2013, he has served as general manager of Hangzhou Sanhua International Building Co., Ltd; From May 2017, he has served as executive director and general manager of Zhejiang Sanhua Zhicheng Real Estate Development Co., Ltd; he currently serves as a director and assistant president of Sanhua Holding Group Co., Ltd. From May 2015 up to present, he has served as the director of the Company.

Mr. Bao Ensi: Born in 1968, doctoral degree, senior accountant. He has served as director of division and full-time member of the Stock Issuance Review Committee at the China Securities Regulatory Commission (CSRC); Head of finance department and expert at the investor education center of china financial futures exchange (CFFEX). Served as assistant to the chairman at Beijing Houji Capital Management Co., Ltd. from January 2015 to November 2024. Formerly acted as independent director for Fujian Yanjing Huiquan Brewery Co., Ltd., Northern International Cooperation Co., Ltd., Sunwave Communications Co., Ltd., Aerospace Times Electronics

Technology Co., Ltd., and China Railway Trust Co., Ltd. He has been an independent director of the Company since August 2021.

Mr. Shi Jianhui: Born in 1972, master's degree. He used to be the chairman / CEO of Minth Group Co., Ltd.

He currently serves as executive managing partner of Ningbo Meishan Bonded Port Area Xiaozhi Venture Capital Partnership (Limited Partnership), executive managing partner of Ningbo Lingdong Venture Capital Partnership (Limited Partnership), and executive managing partner of Hangzhou Chishi Enterprise Management Consulting Partnership (Limited Partnership). Currently holds positions as director of Bomei Intelligent Technology (Shanghai) Co., Ltd., chairman of Hangzhou Haomian Technology Co., Ltd., and director of Shanghai Shiji Technology Co., Ltd. He has been serving as independent director of AAPICO Hitech Public Company Limited since June 2022, and as independent director of Ningbo Fangzheng Automotive Mould Co., Ltd. since December 2023. He has been appointed as an independent director of the Company since May 2020.

Ms. Pan Yalan: Born in 1965, master's degree, a member of the League of Civil Society. She is a non-practicing Certified Public Accountant (CPA). She currently serves as Professor at the School of Accounting, Hangzhou Dianzi University, and Master's Supervisor. She has been serving as Independent Director of Zhejiang Daily Digital Culture Group Co., Ltd. since December 2021, and as independent director of Xianheng International Technology Co., Ltd. since September 2023. She has been appointed as an independent director of the Company since February 2021.

Mr. Zhao Yajun: Born in 1971, master's degree, senior accountant. He Engaged in auditing work at Zhejiang Tianjian Accounting Firm from 1996 to 2003. Served as deputy director of the finance department at Sanhua Holding Group Co., Ltd. from January 2004 to February 2011; He held the position of director of the finance department at Sanhua Holding Group Co., Ltd. from February 2011 to February 2014; He has been serving as deputy financial director of Sanhua Holding Group Co., Ltd. since March 2014. Currently acts as supervisor of Zhejiang Sanhua Lvneng Industrial Group Co., Ltd. since July 2019, supervisor of Ningbo Fuerda Intelligent Technology Co., Ltd. since April 2021, and supervisor of Ningbo Jiaerling Pneumatic Machinery Co., Ltd. since October 2023. He has been a supervisor of the Company since November 2011.

Mr. Mo Yang: Born in 1976, master's degree. He was a teacher of the Economic Branch of the City College of Zhejiang University from April 2002 to June 2004; From July 2004 to April 2006, he served as assistant to the executive deputy general manager of Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd.; From August 2005 to December 2019, he successively served as the secretary of the president, the secretary of the chairman of the board of directors, the vice minister of human resources department and the minister of the president's office of Sanhua Holding Group Co., Ltd; Has been serving as supervisor of Sanhua Holding Group Co., Ltd. since November 2014; From December 2019 to now, he has served as the minister of the board of directors office in Sanhua Holding Group Co., Ltd. From January 2020 to present, he has served as the Secretary General of the Board of Directors of Sanhua Holdings Group Co., Ltd. He has been a supervisor of the Company since August 2021.

Mr. Chen Xiaoming: Born in 1969, associate degree. In August 2013, he served as minister of quality department and vice minister of four-way valve business department of Wuhu Sanhua Automatic Control Components Co., Ltd.; in January 2016, he served as minister of Quality Department of Wuhu Sanhua Automatic Control

Components Co., Ltd; in December 2016, he served as minister of four-way valve department and service valve department of Wuhu Sanhua Automatic Control Components Co., Ltd.; from August 2017 up to present, he has served as Manufacturing Director, minister of four-way valve department and service valve department of Wuhu Sanhua Automatic Control Components Co., Ltd. From April 2022 to present, he has served as the Deputy General Manager as well as minister of Manufacturing Department and Product Business Department of Sanhua (Vietnam) Co., Ltd. Since March 2011, he has been appointed as employee representative supervisor of the Company.

Mr. Hu Kaicheng: Born in 1975, master's degree, bachelor's degree of Tongji University, SAIF EMBA of Shanghai Jiao Tong University. From August 2006 to August 2009, he served as the director of supplier management, procurement director of Zhejiang Sanhua Climate & Appliance Controls Group Co.,Ltd. and procurement director of the Company; from September 2009 to December 2010, he served in Sanhua Holding Group Co., Ltd.; from January 2011 to October 2014, he served as the procurement director of the Company; Since September 2023, he has been serving as an independent director of Pinwo Food Co., Ltd. Since October 2023, he has been appointed as the chairman of Hangzhou Xiantu Electronics Co., Ltd. From October 2014 up to present, he has served as the vice president of the Company. From January 2015 up to present, he has served as the Secretary of the board of directors of the Company.

Mr. Yu Yingkui: Born in 1974, bachelor degree, accountant, accounting major of Shanghai University of Finance and Economics. From April 2001 to December 2003, he successively served as the chief accountant of the financial department of Zhejiang Sanhua Holding Group Co., Ltd. and Zhejiang Sanhua Climate & Appliance Controls Group Co.,Ltd.; from December 2003 to November 2007, he served as the deputy general manager of Shenyang Duri Wheel Hub Co., Ltd.; from November 2007 up to present, he has been the minister of the financial department of the Company; from September 2011 up to present, he has been the chief financial officer of the Company; from January 2016 up to present, he has been the vice president of the Company.

Position held in shareholders' entities

√Applicable □Not applicable

Name	Shareholder's entity	Position in shareholders' entities	Commencement of the term	Termination of the term	Compensation and allowance from the shareholders' entity
Zhang Yabo	Sanhua Holding Group Co., Ltd	Vice chairman (director)	July 11, 2000		No
Wang Dayong	Sanhua Holding Group Co., Ltd	Director	July 11, 2000		No
Ren Jintu	Sanhua Holding Group Co., Ltd	Director	July 11, 2000		Yes
Ren Jintu	Zhejiang Sanhua lvneng Industrial Group Co., Ltd	Director	March 15, 2011		No
Ni Xiaoming	Sanhua Holding Group Co., Ltd	Director	July 11, 2000		No
Chen Yuzhong	Sanhua Holding Group Co., Ltd	Director	November 26, 2014		No
Zhang Shaobo	Sanhua Holding Group Co., Ltd	Director	August 7, 2003		No
Zhang Shaobo	Zhejiang Sanhua	Director	August 14, 2023		Yes

	lvneng Industrial Group Co., Ltd				
Zhao Yajun	Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	Supervisor	July 1, 2019		No
Mo Yang	Sanhua Holding Group Co., Ltd	Supervisor	November 26, 2014		Yes

Positions held in other entities

√Applicable □ Not applicable

Name	Other entities	Positions in other entities	Commencement of the term	Termination of the term	Compensation and allowance from other entities
Zhang Yabo	Xinchang Huaxin Industrial Co., Ltd	Chairman of the Board	March 16, 2016		No
Zhang Yabo	Hangzhou Zhicheng Investment Management Co., Ltd.	Executive Director	July 23, 2007		No
Zhang Yabo	Hangzhou Zhishen Investment Management Co., Ltd	Supervisor	July 23, 2007		No
Zhang Yabo	Hangzhou Sanhua Research Institute Co., Ltd	Chairman of the Board	February 10, 2017		No
Zhang Yabo	Sanhua Trading Singapore Private Limited	Director	October 13, 2017		No
Zhang Yabo	Zhejiang Haoyuan Technology Co., Ltd	Director	May 4, 2018		No
Zhang Yabo	Wuhu ALDOC Technology Co., Ltd	Director	February 3, 2016		No
Wang Dayong	Hangzhou Tianfan Management Consulting Co., Ltd	Director	April 28, 2016	November 1, 2024	No
Wang Dayong	Xinchang Huayong Enterprise Management Co., Ltd	Executive Director	November 11, 2021		No
Wang Dayong	Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd	Director	August 20, 2019		No
Wang Dayong	Zhejiang Sanhua Industrial Automation Co., Ltd	Executive Director	August 1, 2023		No
Wang Dayong	Ningbo Jiaerling Pneumatic Machinery Co.,	Director	October 9, 2023		No

	Ltd				
Ren Jintu	Hangzhou Tianfan Management Cosulting Co., Ltd	Director	July 9, 2010	November 1, 2024	No
Ren Jintu	Ningbo Fuerda Intelligent Technology Co., Ltd	Director	April 8, 2021		No
Ren Jintu	Hangzhou Sanhua International Building Co., Ltd	Supervisor	July 31, 2013		No
Ren Jintu	Shenyang Sanhua Daika Wheel Hub Co., Ltd. (Bankruptcy)	Director	December 1, 2006		No
Ren Jintu	Xinchang County Zhonghe Enterprise Management Cosulting Co., Ltd	Chairman of Supervisory Board	April 8, 2018		No
Ren Jintu	Xinchang County United Investment Management Co., Ltd	Supervisor	April 29, 2015		No
Ren Jintu	Zhejiang Sanhua Zhiyuan Real Estate Co., Ltd.	Director	October 30, 2023		No
Zhang Shaobo	Hangzhou Tianfan Management Cosulting Co., Ltd	Director and manager	July 9, 2010		No
Zhang Shaobo	Zhejiang Huateng Industrial Co., Ltd	Chairman of the Board	December 22, 2021		No
Zhang Shaobo	Ningbo Fuerda Intelligent Technology Co., Ltd	Director	December 26, 2019		No
Zhang Shaobo	Hangzhou Zhishen Investment Management Co., Ltd	Executive Director and General Manager	July 23, 2007		No
Zhang Shaobo	Hangzhou Zhicheng Investment Management Co., Ltd	Manager	November 4, 2020		No
Zhang Shaobo	Inner Mongolia Xiqi Mining Co., Ltd	Supervisor	September 11, 2012		No
Zhang Shaobo	Zhejiang Sanhua Ecological Agriculture Co., Ltd	Executive Director, Manager	September 11, 2018		No
Zhang Shaobo	Hangzhou Kaisida Technology Co., Ltd	Executive Director	December 1, 2018		No
Zhang Shaobo	Hangzhou Sanhua	Executive Director	July 31, 2013		No

	International Building Co., Ltd	and General Manager			
Zhang Shaobo	Tianjin Sanhua Industrial Park Management Co., Ltd	Executive Director, Manager	October 1, 2018		No
Zhang Shaobo	Xinchang County Zhonghe Enterprise Management Cosulting Co., Ltd	Director	April 8, 2018		No
Zhang Shaobo	Hangzhou Fuxiang Property Management Co., Ltd	Chairman of the Board	January 3, 2016		No
Zhang Shaobo	Shaoxing Sanhua Zhiyue Real Estate Development Co., Ltd	Executive Director, Manager	September 1, 2022		No
Zhang Shaobo	Shanghai Sanhua Electric Co., Ltd	Executive Director, Manager	April 10, 2017		No
Zhang Shaobo	Xinchang County United Investment Management Co., Ltd	Director	April 29, 2015		No
Zhang Shaobo	Shanghai Tihu Catering Co., Ltd	Director	September 26, 2017	March 12, 2024	No
Zhang Shaobo	Hangzhou Zhiwo Investment Management Co., Ltd	General Manager	June 16, 2014		No
Zhang Shaobo	Xinchang County Sanhua Property Management Co., Ltd	Chairman of the Board	March 29, 2011		No
Zhang Shaobo	Xinchang Sanhua Hongdao Venture Capital Partnership (limited partnership)	Executive Partner	July 1, 2022		No
Zhang Shaobo	Xinchang Zhushi Venture Capital Partnership (limited partnership)	Executive Partner	June 9, 2022		No
Zhang Shaobo	Hangzhou Sanhua Hongdao Venture Capital Partnership Enterprise (Limited Partnership)	Executive Partner	May 7, 2017		No
Zhang Shaobo	Zhejiang Sanhua Zhiyuan Real Estate Co., Ltd.	General Manager	October 30, 2023		No
Bao Ensi	China Railway Trust Co., Ltd.	Independent Director	May 25, 2022	July 18, 2024	Yes
Shi Jianhui	Baimei Smart	Director	January 1, 2020		Yes

	Technology (Shanghai) Co., Ltd.				
Shi Jianhui	Hangzhou Haomian Technology Co., Ltd	General Manager	August 19, 2021		No
Shi Jianhui	Shanghai Shijia Technology Co., Ltd	Director	January 26, 2022		No
Shi Jianhui	Ningbo Meishan Bonded Port Zone Xiaozhi Entrepreneurship Investment Partnership Enterprise (Limited Partnership)	Executive Partner	September 22, 2017		No
Shi Jianhui	Ningbo Lingdong Entrepreneurship Investment Partnership Enterprise (Limited Partnership)	Executive Partner	July 28, 2020		No
Shi Jianhui	Hangzhou Chishi Enterprise Management Consulting Partnership (Limited Partnership)	Executive Partner	August 3, 2022		No
Shi Jianhui	Shanxi Sishan Ningrui Construction Engineering Co., Ltd	General Manager	February 16, 2023	December 16, 2024	No
Shi Jianhui	Ningbo Fangzheng Automotive Mold Co., Ltd	Independent Director	December 11, 2023	December 10, 2026	Yes
Shi Jianhui	AAPICO Hitech Public Company Limited	Independent Director	June 29, 2022		Yes
Pan Yalan	Lin'an Rural Commercial Bank Co., Ltd	Independent Director	October 15, 2019	October 12, 2024	Yes
Pan Yalan	Zhejiang Daily Digital Culture Group Co., Ltd	Independent Director	December 22, 2021	October 16, 2026	Yes
Pan Yalan	Xianheng International Technology Co., Ltd	Independent Director	September 25, 2023	September 24, 2026	Yes
Zhao Yajun	Xinjiang Huaxin Industrial Co., Ltd	Director	March 21, 2017		No
Zhao Yajun	Ningbo Fuerda	Supervisor	April 8, 2021		No

	Intelligent Technology Co., Ltd				
Zhao Yajun	Zhejiang Xiezhong Automobile New Energy Technology Development Co., Ltd	Supervisor	May 25, 2018		No
Zhao Yajun	Shanghai Fuyulong Automotive Technology Co., Ltd	Supervisor	December 26, 2019		No
Zhao Yajun	Xinchang Private Financing Service Center Co., Ltd	Supervisor	March 26, 2014		No
Zhao Yajun	Fuerda (Tianjin) Intelligent Technology Co., Ltd	Supervisor	November 2, 2018		No
Zhao Yajun	Zhejiang Haoyuan Technology Co., Ltd	Supervisor	May 4, 2018		No
Zhao Yajun	Hangzhou Tongchan Machinery Co., Ltd	Supervisor	May 31, 2011		No
Zhao Yajun	Shanghai Sanhua Electric Co., Ltd	Supervisor	April 12, 2011		No
Zhao Yajun	Wuhu ALDOC Technology Co., Ltd	Supervisor	July 31, 2018		No
Zhao Yajun	Xinchang County United Investment Management Co., Ltd	Supervisor	January 1, 2012		No
Zhao Yajun	Xiezhong International Thermal Management System (Jiangsu) Co., Ltd	Chairman of the Board of Supervisors	February 28, 2019		No
Zhao Yajun	Ningbo Jiaerling Pneumatic Machinery Co., Ltd	Supervisor	October 9, 2023		No
Hu Kaicheng	Pinwo Food Co., Ltd	Independent Director	September 8, 2023	September 7, 2026	Yes
Yu Yingkui	Zhejiang Huateng Industrial Co., Ltd	Director	April 19, 2010		No
Yu Yingkui	Xinchang Private Financing Service Center Co., Ltd	Director	October 23, 2015		No
Yu Yingkui	Chongqing Tainuo Machinery Co., Ltd	Director	December 8, 2016		No

Yu Yingkui	Ningbo Jinlifeng Machinery Co., Ltd	Director	July 2, 2020		No
Yu Yingkui	Sanhua Trading Singapore Private Limited	Director	October 13, 2017		No
Description of employment in other organizations	The above employment in other entities does not include the employment of directors, supervisors and senior management in subsidiaries within the scope of the Company's consolidated financial statements.				

Incumbent and resigned directors, supervisors and senior management personnel during the reporting period that have been imposed administrative penalties by the CSRC during the last three years.

Applicable Not applicable

3. Remuneration of directors, supervisors and senior management personnel

Decision-Making Procedures, Determination Basis, and Actual Payment of Remuneration for Directors, Supervisors, and Senior Management

Decision-making Process

The salaries of directors, supervisors, and senior management personnel shall be determined in accordance with the standards stipulated in the Company's unified salary management system. According to the Company's performance evaluation mechanism, regular evaluations are conducted on the directors, supervisors, and senior management personnel, and compensation is determined based on the evaluation results. The allowance standards for independent directors shall be reviewed and decided in the shareholders' meeting.

Basis for determination

The remuneration of directors, supervisors, and senior management personnel is determined based on the company's operating performance and performance evaluation indicators.

Remuneration of directors, supervisors and senior management personnel

Unit: RMB in 10 thousand

Name	Gender	Age	Title	Tenure status	Total remuneration from the Company (RMB'0,000)	Remuneration from related parties (Y/N)

Zhang Yabo	Male	51	Director, Chairman, CEO	Incumbent	331.4	No
Wang Dayong	Male	56	Director, President	Incumbent	533.05	No
Ren Jintu	Male	63	Director	Incumbent	0	Yes
Ni Xiaoming	Male	57	Director	Incumbent	264.79	No
Chen Yuzhong	Male	59	Director, chief engineer	Incumbent	586.82	No
Zhang Shaobo	Male	46	Director	Incumbent	0	Yes
Bao Ensi	Male	57	Independent director	Incumbent	10.8	No
Shi Jianhui	Male	53	Independent director	Incumbent	10.8	No
Pan Yalan	Female	60	Independent director	Incumbent	10.8	No
Zhao Yajun	Male	54	Convener of the board of supervisors	Incumbent	0	Yes
Mo Yang	Male	49	Supervisor	Incumbent	0	Yes
Chen Xiaoming	Male	56	Supervisor	Incumbent	54.7	No
Hu Kaicheng	Male	50	Vice president, Secretary of the board of directors	Incumbent	138.61	No
Yu Yingkui	Male	51	Vice president, CFO	Incumbent	177.63	No
Total	--	--	--	--	2,119.4	--

Explanation of other situations

Applicable Not applicable

VI. Performance of duties by directors during the reporting period

1. Board of directors in the reporting period

Meeting	Convened Date	Disclosure Date	Disclosure Index
The 20th interim meeting of the 7th board of directors	April 19, 2024	April 20, 2024	http://www.cninfo.com.cn
The 21st meeting of the 7th board of directors	April 28, 2024	April 30, 2024	http://www.cninfo.com.cn
The 22nd interim meeting of the 7th board of directors	May 13, 2024	May 15, 2024	http://www.cninfo.com.cn

The 23rd interim meeting of the 7th board of directors	June 3, 2024	June 5, 2024	http://www.cninfo.com.cn
The 24th interim meeting of the 7th board of directors	July 22, 2024	July 23, 2024	http://www.cninfo.com.cn
The 25th interim meeting of the 7th board of directors	August 5, 2024	August 6, 2024	http://www.cninfo.com.cn
The 26th interim meeting of the 7th board of directors	August 28, 2024	August 30, 2024	http://www.cninfo.com.cn
The 27th meeting of the 7th board of directors	October 22, 2024	October 23, 2024	http://www.cninfo.com.cn
The 28th interim meeting of the 7th board of directors	October 30, 2024	October 31, 2024	http://www.cninfo.com.cn
The 29th interim meeting of the 7th board of directors	December 12, 2024	December 14, 2024	http://www.cninfo.com.cn
The 30th interim meeting of the 7th board of directors	December 30, 2024	December 31, 2024	http://www.cninfo.com.cn

2. Attendance of directors in board meetings and general meetings

Attendance of directors in board meetings and general meetings							
Name of Director	Board meeting presence required in the reporting period (times)	Board meeting presence on site (times)	Board meeting presence on site (times)	Board meeting presence through a proxy (times)	Board meeting absence (times)	Board meeting not attend in person for two consecutive times	Presence of directors in general meetings (times)
Zhang Yabo	11	1	10	0	0	No	4
Wang Dayong	11	1	10	0	0	No	4
Ren Jintu	11	1	10	0	0	No	4
Ni Xiaoming	11	1	10	0	0	No	0
Chen Yuzhong	11	1	10	0	0	No	3
Zhang Shaobo	11	0	11	0	0	No	0
Bao Ensi	11	1	10	0	0	No	0
Shi Jianhui	11	1	10	0	0	No	0
Pan Yalan	11	1	10	0	0	No	4

Explanation of not attending the board of directors in person for two consecutive times

Not applicable

3. Objections raised by directors to relevant matters of the Company

Whether there is any objection on related issues of the Company from directors

Yes No

During the reporting period, there is no objection on related issues of the Company from directors.

Whether there is any suggestion from directors adopted by the Company

Yes No

During the reporting period, the directors strictly complied with the relevant laws, regulations and the *Articles of Association*, performed their duties conscientiously, paid close attention to the Company's operation, regularly reviewed the Company's announcements, got access to the information of operation and development periodically, deeply discussed the opportunities and challenges in the operation and development, and timely prompted risks. Directors put forward reasonable opinions and suggestions from their professional perspectives, which enhanced the scientific decision-making of the board of directors. Meanwhile, directors provided independent and fair opinions on related transactions, profit distribution, stock buyback, guarantee and *Articles of Association* during the reporting period. In order to improve the supervision mechanism of the Company and safeguard the legal rights of all shareholders, the Company shall adopt the opinions of directors.

VII. Performance of duties by special committees under the board during the reporting period

Committee	Member	Number of meetings	Date of meetings	Meeting content	Important opinions and suggestions	Other performance of duties	Details of objections (if any)
Audit Committee	Independent director Pan Yalan; Independent director Shi Jianhui; Director Ren Jintu (Has been serving as Independent Director Bao Ensi, Independent Director Shi Jianhui, and Independent Director Pan Yalan since December 12, 2024)	4	April 18, 2024	1. Review of the "Company's 2023 Annual Report and Summary" 2. Review of the "Company's 2023 Annual Internal Control Self-Assessment Report" 3. Review of the "Special Report on the Annual Deposit and Usage of Raised Funds" 4. Review of the "Proposal on the Reappointment of the 2024 Annual			

				<p>Audit Firm"</p> <p>5. Review of the "Company's First Quarter 2024 Report"</p> <p>6. Review of the "Audit Committee's Report on the Performance of Supervision Duties over the 2023 Annual Audit Accountants"</p>			
			August 23, 2024	<p>1. Review of the "Company's 2024 Interim Report and Summary"</p> <p>2. Review of the "Special Report on the 2024 Interim Deposit and Usage of Raised Funds"</p> <p>3. Review of the "Proposal on the Extension of Partial Raised Funds Investment Projects"</p>			
			October 24, 2024	<p>Review of the "2024 Third Quarter Report"</p>			
			December 9, 2024	<p>1. Review of the "Proposal on the Appointment of the Audit Firm for H-share Issuance and Listing"</p> <p>2. Review of the "Audit Committee</p>			

				<p>Membership Composition" under the "Proposal on Adjustments to the Membership of the Company's Specialized Committees"</p> <p>3. Review of the "Board Audit Committee Working Procedures" under the "Proposal on the Amendment to the Company's Internal Governance Systems"</p>			
Strategic Management and ESG Committee	<p>Chairman of the Board Zhang Yabo; Director Wang Dayong; Director Ni Xiaoming; Director Chen Yuzhong; Director Zhang Shaobo; Independent director Shi Jianhui;</p>	2	<p>April 18, 2024</p>	<p>1. Review of the "Company's 2023 Annual Report and Summary"</p> <p>2. Review of the "Proposal on the Renaming of the Strategy Committee and Amendments to Its Working Procedures"</p> <p>3. Review of the "Company's 2023 Annual Environmental, Social and Governance (ESG) Report"</p>			
			<p>October 24, 2024</p>	<p>1. Review of the "Proposal on the Termination</p>			

				of the Overseas Issuance of Global Depository Receipts (GDRs)"			
				2. Review of the "Proposal on the Approval for the Company to Conduct Research and Feasibility Study on the Overseas Issuance of Securities (H-shares) and Listing"			
Remuneration and Assessment Committee	Independent director Shi Jianhui; Independent director Bao Ensi; Director Ren Jintu	4	April 14, 2024	1. Review of the "Zhejiang Sanhua Intelligent Controls Co., Ltd. 2024 Restricted Stock Incentive Plan (Draft) and Its Summary" 2. Review of the "Zhejiang Sanhua Intelligent Controls Co., Ltd. 2024 Stock Appreciation Rights (SARs) Incentive Plan (Draft) and Its Summary" 3. Review of the "Zhejiang Sanhua Intelligent Controls Co., Ltd. 2024 Equity Incentive Plan Implementati			

				<p>on Assessment and Administration Measures"</p> <p>4. Review of the "Proposal on the Authorization of the Shareholders' General Meeting to the Board of Directors for Handling Matters Related to the 2024 Equity Incentive Plan"</p>			
			May 7, 2024	<p>1. Review of the "Proposal on the Grant of Restricted Stock to Participants under the Company's 2024 Restricted Stock Incentive Plan"</p> <p>2. Review of the "Proposal on the Grant of Stock Appreciation Rights (SARs) to Participants under the Company's 2024 SARs Incentive Plan"</p>			
			May 28, 2024	<p>1. Review of the "Proposal on the Grant of Restricted Stock to Deferred Participants under the Company's</p>			

				<p>2024 Restricted Stock Incentive Plan"</p> <p>2. Review of the "Proposal on Adjustments to the List of Participants, Grant Quantity and Grant Price under the 2024 Restricted Stock Incentive Plan"</p> <p>3. Review of the "Proposal on Adjustments to the List of Participants, Grant Quantity and Exercise Price under the 2024 SARs Incentive Plan"</p> <p>4. Review of the "Proposal on Adjustments to the Repurchase Price under the 2022 Restricted Stock Incentive Plan"</p> <p>5. Review of the "Proposal on the Fulfillment of Release Conditions for the Second Release Period under the 2022</p>			
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				<p>Restricted Stock Incentive Plan"</p> <p>6. Review of the "Proposal on the Repurchase and Cancellation of a Portion of Restricted Stock"</p> <p>7. Review of the "Proposal on Adjustments to the Exercise Price under the 2022 SARs Incentive Plan"</p> <p>8. Review of the "Proposal on the Fulfillment of Exercise Conditions for the Second Exercise Period under the 2022 SARs Incentive Plan"</p> <p>9. Review of the "Proposal on the Cancellation of a Portion of SARs"</p>			
			December 9, 2024	<p>1. Review of the "Compensation and Evaluation Committee Membership Composition" under the "Proposal on Adjustments to the Membership</p>			

				of the Company's Specialized Committees" 2. Review of the "Board Compensation and Evaluation Committee Working Procedures" under the "Proposal on the Amendment to the Company's Internal Governance Systems"			
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VIII. Performance of duties by the Supervisory Committee

Whether there is any risk to the Company identified by Supervisory Committee when performing its duties during the Reporting Period

Yes No

The Board of Supervisors raised no objections to the supervised matters during the reporting period.

IX. Staff in the Company

1. Statistics of employees, professional structure of the staff, and educational background

Number of incumbent employees in the parent company	3,523
Number of incumbent employees in major subsidiaries	16,264
Number of incumbent employees	19,787
Number of employees receiving salaries in current period	19,787
Number of retired employees requiring the parent Company and its subsidiaries to bear costs	0
Professional structure	
Professional Category	Number of employees
Production staff	12,961
Sales staff	701

Technical staff	3,578
Financial staff	464
Administrative Staff	2,083
Total	19,787
Educational background	
Educational background	Number of employees
Master and above	1,365
Bachelor	5,176
College	5,369
Others	7,877
Total	19,787

2. Staff remuneration policy

The company has established a compensation and incentive system that is highly aligned with its business development strategy and human resources strategy. Based on market salary levels and job value evaluation systems, combined with employee capabilities and performance results, the company has built a comprehensive compensation structure comprising base salaries, bonuses, and long-term incentives, supported by relevant management policies. This system effectively motivates employees to continuously create value through scientific performance evaluation and reward mechanisms, providing internal momentum for the company's high-quality development.

The company implements annual evaluations for new graduates and professional talent classification, creating positive incentives for employees at all levels. Regular salary reviews and market comparison ensure competitive compensation packages. Additionally, annual awards such as the R&D Project Achievement Award, Quality Project Achievement Award, Management Project Award, Patent Award, Cost Reduction Procurement Award, and Lean Improvement Award are granted to encourage innovation and value creation. To retain core talent, the company launched its first equity incentive plan in 2018, followed by a second restricted equity incentive plan in 2020, a third equity incentive plan in 2022, and a fourth equity incentive plan in 2024, laying a solid talent foundation for sustainable growth.

3. Staff training plans

Aligned with its 2021-2025 development plan, the company adheres to a talent strategy of "prioritizing internal cultivation while moderately supplementing external recruitment," institutionalizing the TDR (Talent Development Review) process as a long-term mechanism to actualize the "Talent Blossom" initiative. This mechanism facilitates systematic alignment across strategy, operations, organizational structure, and workforce capabilities. Through layered talent evaluations, the company identifies high-potential individuals, harmonizes management terminology, and formulates retention and development plans for critical talent, thereby ensuring that

human capital evolution fulfills strategic demands.

Integrated with the TDR framework, a corporate talent cultivation system has been established, comprising three pillars: Leadership Development Track ("Navigation Series Program"): Strategically elevates the holistic management competencies of incumbent executives and high-potential successors. Professional Competency Tracks: Constructs specialized talent echelons in functional domains such as finance, HRBP(Human Resources Business Partner), and IT through targeted programs. Early-Career Training Initiatives: Implements management trainee and campus graduate development schemes to reserve exceptional talents for future leadership roles.

Concurrently, the company reinforces foundational infrastructure by iteratively integrating advanced learning technologies, certifying internal instructor cohorts, curating proprietary educational resources, and constructing an internal learning platform. Leveraging the "Five-Power Mechanism"—Cultural Alignment (cultural traction), Intrinsic Drive (growth propulsion), External Catalysis (instructor facilitation), Resource Enablement (infrastructure support), and Organizational Learning Capacity (learning-oriented culture)—the company fosters enterprise-wide autonomous learning and talent transformation, advancing the realization of global competitiveness for both the organization and its human capital.

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution of ordinary shares and capitalization of capital reserves

Profit distribution policy in the reporting period, especially the formulation, implementation and adjustment of cash dividend policy

Applicable Not applicable

During the reporting period, the Company was profitable and the parent company had a positive profit available for shareholder distribution, but no cash dividend distribution plan was proposed.

Applicable Not applicable

Profit distribution and conversion of capital reserve to share capital during this reporting period

Applicable Not applicable

Bonus share issued per 10 shares (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	2.5
Total capital share basis for the distribution proposal (share)	3,730,997,314
Total cash dividend (RMB) (tax inclusive)	932,749,328.50
Cash dividend amount in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other ways) (RMB)	932,749,328.50

Distributable profits (RMB)	1,836,924,867.90
Percentage of cash dividends in the total distributed profit (%)	100%
Cash dividends	
For the growth stage of the Company with significant capital expenditure arrangements, the cash dividend payout ratio shall account for no less than 20% of the total profit distribution.	
Detailed description of profit distribution or capital reserves conversion plan	
<p>The Company proposes to distribute the cash dividend of RMB 2.50 per 10 shares (tax-inclusive) to all shareholders based on the current share capital of 3,730,997,314 shares [Note], with no bonus shares issued and no capitalization of capital surplus.</p> <p>[Note] As of the record date, the Company's total share capital is 3,732,389,535 shares, including 1,392,221 repurchased shares held in the dedicated repurchase account. Pursuant to the <i>Company Law</i>, repurchased shares retained in the Company's treasury stock account are not eligible for profit distribution or capital surplus capitalization.</p> <p>In the event of changes in the Company's total share capital prior to the implementation of the distribution plan due to share repurchases, exercises of equity incentive schemes, H-share offerings and listings, or other similar events, the total distribution amount shall be proportionally adjusted in accordance with the principle of maintaining fixed distribution ratios.</p>	

XI. The Implementation of an Equity Incentive Plan, Employee Stock Ownership Plan, or Other Incentive Plans

Applicable Not applicable

1. Equity Incentive Plan

1. In 2022, the Company launched the 2022 restricted stock incentive plan, granting 17.58 million restricted shares to 1,366 incentive objects, granting 485,000 appreciation rights shares to 41 incentive objects. The grant date of this equity incentive plan was May 31, 2022. The grant price of restricted shares was RMB 10 per share, and the listing date was June 30, 2022.

(1) On June 3, 2024, the Company held the 23rd interim meeting of the 7th Board of Directors and the 20th interim meeting of the 7th Board of Supervisors respectively, in which the following proposals were approved *Proposal on adjusting the repurchase price of the 2022 restricted stock incentive plan, Proposal on the achievement of unlocking conditions of the second vesting period of the 2022 restricted stock incentive plan, Proposal on repurchase and cancellation of some restricted stocks, Proposal on adjusting the exercise price of the 2022 stock appreciation rights incentive plan, Proposal on the achievement of exercise conditions of the second exercise period of the 2022 stock appreciation rights incentive plan, Proposal on cancellation of some stock appreciation rights.* The listing date for circulation of the restricted shares was July 1, 2024, with 1,313 shareholders meeting the unlocking conditions. A total of 5.133 million shares were released, representing 0.1375% of the Company's current total share capital. The Company plans to repurchase and cancel 226,000 restricted shares held by 33 unqualified incentive objects in the 2022 restricted stock incentive plan at RMB 9.40 per share. Additionally, 135,000 stock appreciation rights became exercisable by 37 qualified incentive objects, while 8,500 stock appreciation rights held by 2 unqualified incentive objects under the 2022 stock appreciation rights incentive plan will be cancelled.

(2) On June 20, 2024, the second extraordinary general meeting of shareholders in 2024 was held, approving the Proposal on cancellation of some restricted stocks. The Company will repurchase and cancel 226,000 restricted shares held by 33 unqualified incentive objects in the 2022 restricted stock incentive plan at RMB 9.40 per share.

2. In 2024, the Company launched the 2024 Restricted Stock Incentive Plan and Stock Appreciation Rights Incentive Plan, granting 24.91 million restricted shares to 1,933 incentive objects and 560,000 stock appreciation rights to 47 incentive objects. The grant dates for this equity incentive plan were May 13, 2024 and June 3, 2024, with the grant price of RMB 11.75 per share. The listing date for the granted restricted shares was June 20, 2024.

Share incentives for directors and senior executives in the reporting period

√ Applicable □ Not applicable

Unit: share

Name	Title	Number of stock options held at the beginning of the year	Number of newly granted stock options in the reporting period	Number of exercisable shares in the reporting period	Number of exercised shares in the reporting period	Exercise price of exercised shares during the reporting period (yuan / share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (yuan / share)	Restricted Shares held at the beginning of the period	Shares vested in the current period	Shares newly granted in the current period	Price for restricted shares granted (RMB per share)	Restricted Shares held at period-end
Wang Dayong	Director, President							23.51	56,000	24,000	100,000	11.75	132,000
Ni Xiaoming	Director							23.51	49,000	21,000	80,000	11.75	108,000
Chen Yuzhong	Director, chief engineer							23.51	56,000	24,000	80,000	11.75	112,000
Hu Kaicheng	Vice president, Secretary of the board of directors							23.51	56,000	24,000	80,000	11.75	112,000
Yu Yingkui	Vice president,							23.51	56,000	24,000	80,000	11.75	112,000

	CFO												
Total	--	0	0	0	0	--	0	--	273,000	117,000	420,000	--	576,000
Note (if any)	<p>1. At the beginning of each year, the number of locked shares should be re-calculated according to 75% of the total number of shares held by the senior management. The number of unlocked shares in this period is 25% of the total number of shares at the beginning of the year.</p> <p>2. June 5, 2024, the second vesting period of the 2022 Restricted stock incentive plan matured, and the restricted shares of director Wang Dayong, Chen Yuzhong, senior management Hu Kaicheng, and Yu Yingkui have been unlocked by 24,000 shares each; restricted shares of director Ni Xiaoming have been unlocked by 21,000 shares, totaling 117,000 shares.</p>												

Assessment and incentive mechanism for the senior management

In order to encourage senior managers better perform their duties and clarify their rights and obligations, the Company has established a fairly sophisticated performance evaluation standard and remuneration system, according to which senior managers' performance and annual business indicators would be assessed.

The senior managers of the Company are responsible to the board of directors and undertake the business objectives issued by the board. The remuneration and assessment committee of the board formulate the remuneration plan based on evaluation of senior managers' ability, performance and completion of business targets.

2. Employee Stock Ownership Plan

Applicable Not applicable

3. Other incentive plan

Applicable Not applicable

XII. Construction and implementation of internal control

1. Construction and implementation of internal control

In accordance with the requirements of the *Company Law* and other relevant regulations and normative documents, the Company has set up an internal control system in combination with its own business characteristics, which is composed of the general meeting, the board of directors, the board of supervisors, the management, each controlling subsidiary and its functional departments. Thus, it formed a relatively effective division of responsibilities and balances.

The Company continues to strengthen the control of high-risk areas such as sales business, procurement business, major investments, acquisition and merger, asset security and information system management, and has established corresponding control policies and procedures.

During the reporting period, the Company timely organized directors, supervisors and senior managers to participate in relevant training organized by regulatory authorities, which improves the management's awareness

of standardized operation, ensures the effective implementation of internal control system, effectively improves the standard operation level and promotes the healthy and sustainable development of the Company.

The Company's internal audit department shall regularly inspect and supervise the establishment and implementation of this internal control system as well as the authenticity and completeness of its financial information. During the reporting period, the Company established effective internal control over the businesses included in the evaluation scope. It has achieved its internal control target in terms of the authenticity of operating results, business compliance and the effectiveness of internal control.

2. Any significant internal control deficiencies during the reporting period

Yes No

XIII. Management and control of subsidiaries during the reporting period

Company Name	Integration Plan	Integration Progress	Challenges Identified During Integration	Implemented Solutions	Remediation Progress	Follow-up Action Plan
Hangzhou Lvneng New Energy Vehicle Components Co., Ltd.	In terms of assets, conduct comprehensive inventory audits, optimize allocation, and implement unified management; in terms of personnel, assess and retain talent; in terms of finance, integrate into a unified management system; in terms of organization, optimize organizational structure and clarify departmental responsibilities; in terms of business, plan business collaboration to enhance overall efficiency and competitiveness	The transfer agreement was completed in September 2024.	/	/	/	/

XIV. Self-evaluation report on internal control or Internal control audit report

1. Self-evaluation report on internal control

Disclosure date of the internal control self-evaluation report	March 27, 2025	
Disclosure index of full text of self-evaluation report on internal control	<i>Self-evaluation Report on Internal Control of the Company in 2024</i> http://www.cninfo.com.cn	
Proportion of assets evaluated in total assets		100.00%
Proportion of revenue evaluated in total revenue per consolidated financial statement		100.00%
Recognition standard of deficiencies		
Nature	Financial report level	Non-financial report level
Qualitative criteria	<p>Significant deficiency: 1. Fraud of directors, supervisors and senior managers; 2. Major misstatement in the current financial report found by the CPA but not identified by the internal control of the Company; 3. The Company has major violations of laws and regulations in financial accounting, asset management, capital operation, information disclosure, product quality, safety production, environmental protection and other aspects, causing major losses and adverse effects to the Company, or subject to major administrative supervision and punishment; 4. Supervision of the audit committee and internal control department is ineffective on the Company's external financial report and internal control.</p> <p>Important deficiency: (1). Failure to select and apply accounting policies in accordance with GAAP; (2). Failure to establish anti-fraud procedures and control measures; (3). It cannot reasonably guarantee the truthfulness and completeness of the financial statements due to one or more defects in control process; (4). There is no corresponding control mechanism or no compensatory control for the accounting treatment of non-routine or special transactions.</p> <p>General deficiency: General defects other than the above-mentioned.</p>	<p>Significant deficiency: The possibility of defects is high, which will significantly reduce the work efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal.</p> <p>Important defects: Defects are more likely to occur, which will seriously reduce the work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal.</p> <p>General defects: The probability of defects is small, which will reduce the efficiency or effect, increase the uncertainty of the effect, or make it deviate from the expected goal.</p>

Quantitative criteria	<p>The quantitative standard is based on the percentage of potential misstatements of pre-tax profit.</p> <p>Significant deficiency: This defect alone or together with other defects may cause the misstatement of financial report to exceed 10% of the profit before tax.</p> <p>Important defects: This defect alone or together with other defects may cause the misstatement of financial report to exceed 5% but less than 10% of the profit before tax.</p> <p>General defects: This defect alone or together with other defects may cause the misstatement of financial report less than 5% of the profit before tax.</p>	<p>The quantitative standard is based on the percentage of potential misstatements of pre-tax profit.</p> <p>Significant deficiency: This defect alone or together with other defects may cause the misstatement of financial report to exceed 10% of the profit before tax.</p> <p>Important defects: This defect alone or together with other defects may cause the misstatement of financial report to exceed 5% but less than 10% of the profit before tax.</p> <p>General defects: This defect alone or together with other defects may cause the misstatement of financial report less than 5% of the profit before tax.</p>
Number of significant deficiencies in financial report level	0	
Number of significant deficiencies in non-financial report level	0	
Number of important deficiencies in financial report level	0	
Number of important deficiencies in non-financial report level	0	

2. Audit report or assurance report on internal control

Applicable Not applicable

Deliberation Opinion Paragraph in Internal Control Audit Report	
We believe that the Company maintained effective internal control over financial reporting in all material aspects as of December 31, 2024 in accordance with the <i>Basic Standard for Enterprise Internal Control</i> and other related regulations.	
Disclosure of internal control audit report	Disclose
Disclosure date of the full text of the auditor's report on internal control	March 27, 2025
Disclosure index of full text of internal control audit report	2024 Internal Control Audit Report (www.cninfo.com.cn)
Internal control audit opinion	Standard unqualified audit opinion
Whether there is material weakness of non-financial report	No

Whether the accounting firm issued an internal control audit report with a non-standard opinion

Yes No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes No

XV. Governance problem rectification of the Company

According to self-examination, the Company has no material violations affecting the level of corporate governance. The Company has established a relatively complete and reasonable corporate governance structure and internal control system in accordance with the *Company Law*, *Securities Law*, *Corporate Governance Code for Listed Companies* and other relevant laws and regulations. However, with the continuous development of the Company's business scale and the changes in external macroeconomic and market environment, the Company needs to further improve its internal control system, continue to strengthen its own construction, effectively improve the Company's standardized operation level and the effectiveness of corporate governance. The Company will continuously improve the governance quality by enhancing the abilities of scientific decision-making, ensuring stable operation, and promoting standardized development.

Section V Environmental and Social Responsibility

I. Material environmental issues

Whether the Company or the Company's subsidiaries are critical pollutant enterprises disclosed by National Environmental Protection Department

Yes No

Environmental protection related policies and industry standards

During the reporting period, the Company strictly adhered to national environmental protection related laws and regulations in its daily production and operation, such as the *Environmental Protection Law*, the *Air Pollution Prevention and Control Law*, the *Water Pollution Prevention and Control Law*, the *Solid Waste Pollution Environmental Prevention and Control Law*, the *Environmental Noise Pollution Prevention and Control Law*, the *Soil Pollution Prevention and Control Law*, the *Environmental Impact Assessment Law*, etc. The Company strictly implements national environmental protection related industry standards, such as the *Electroplating Pollutant Discharge Standard (GB2190-2008)*, *Comprehensive Air Pollutant Discharge Standard (GB16297-1996)*, *Comprehensive Wastewater Discharge Standard (GB8978-1996)*, *Emission Standard for Air Pollutants from Boilers (GB13271-2014)*, *Emission Standard for Pollutants in the Synthetic Resin Industry (GB31572-2015)*, *Unorganized Emission Control Standard for volatile organic compounds (GB37822-2019)*, the *Electroplating Water Pollutant Discharge Standard (DB33/2260-2020)* in Zhejiang Province and *Indirect Emission Limits of Nitrogen and Phosphorus Pollutants in Industrial Enterprise Wastewater (DB33/887-2013)*, and *Emission Standard for Environmental Noise at the Boundary of Industrial Enterprises (GB 12348-2008)*.

Administrative permits for environmental protection

Since 2010, the Company has invested in the construction of Meizhu Sanhua Industrial Estate in Xinchang County, and has obtained 25 EIA permits. All the projects have passed. In October 2023, the Company completed the reapplication of the national version of the pollution discharge permit.

Industry emission standards and specific situations of pollutant emissions involved in production and business activities

Name of Company or subsidiary	Main pollutants and types of characteristic pollutants	Name of main pollutants and characteristic pollutants	Emission mode	Number of outlets	Distribution of emission outlets	Emission concentration	Emission standards	Total emissions	Approved total emission	Over standard emission
Zhejiang Sanhua Intelligent Controls Co., Ltd.	Waste water	COD	Sewer system	1	North	≤ 500mg/L	The limitation of COD in GB8978-1996 <i>Integrated Wastewa</i>	47.33T	62.386 T/year	Not exceeding the standard

							<i>ter Emission Standard</i> is 500mg / L			
Zhejiang Sanhua Intelligent Controls Co., Ltd	Waste water	Ammonia Nitrogen	Sewer system	1	North	≦ 35mg/L	The limitation listed in DB33/887-2013 <i>Indirect Emission Limits of Nitrogen and Phosphorus Pollutants from Industrial Wastewater</i> is 35mg / L	4.73T	6.262 T /year	Not exceeding the standard
Zhejiang Sanhua Intelligent Controls Co., Ltd	Waste gas	SO ₂	Direct emission	1	North	≦ 50mg/m ³	The limitation listed in GB13271-2014 <i>Emission Standard of Air Pollutants for Boilers</i> is 50mg/m ³	0.042T	2.15 T /year	Not exceeding the standard
Zhejiang Sanhua Intelligent Controls Co., Ltd	Waste gas	Nitrogen Oxide	Direct emission	1	North	≦ 50mg/m ³	According to the low Nitrogen emission requirements of local government, the limit value of gas-fired boiler is	0.909T	10.06 T /year	Not exceeding the standard

							50mg / m3			
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Treatment of pollutants

Adhering to the advanced management concept, the Company takes "developing energy-saving and low-carbon economy, creating a green quality environment" as its own responsibility, constantly surpasses, and becomes an important creator and contributor of human green quality living environment with limited resources and unlimited wisdom.

1. In terms of waste water treatment, the Company responded to the construction of "five water treatment", "eliminating inferior V-type water" and "zero direct discharge of sewage" in the whole province. The Company renovated the rainwater and sewage outlets in the factory area, implemented the separation of rainwater and sewage, and installed cut-off valves and video monitoring equipment at the Company's rainwater discharge outlets, and collected and treated the early rainwater. There are two wastewater treatment stations in the factory. The sewage treatment stations have been equipped with standardized sewage outlets and set up discharge outlet signs. Online monitoring device, solenoid valve flowmeter and card swiping sewage system are installed at the discharge outlet, which has been connected with the environmental protection department. The monitoring indicators include PH, COD, total Copper, total Zinc, total Chromium, total Nickel and flow. Wastewater treatment: The Company has entrusted a third-party professional treatment unit for treatment. The discharge indicators of the Company's internal control wastewater are stricter than the environmental discharge standard. The final treated wastewater is discharged into the sewage collection pipe network of the industrial zone and sent to Shengxin sewage treatment plant for retreatment.
2. Waste gas treatment: The Company has acid pickling, electroplating waste gas, welding dust and other waste gas. All kinds of waste gas discharge cylinders are equipped with corresponding waste gas treatment devices. The acid pickling and electroplating waste gas absorption and treatment tower is installed with automatic dosing system, and the waste gas is discharged to air after treatment. At the same time, in order to win the blue-sky defense activity, the Company carried out low Nitrogen emission transformation of the Company's gas boilers in accordance with the requirements of relevant official departments in 2019. In 2021, the transformation and upgrading of VOCs treatment facilities in industrial enterprises have been implemented. At the same time, the process has been improved, and the water cleaning is used to replace the organic solvent cleaning, so as to reduce the generation of VOCs. In 2022, the Company carried out an upgrade and transformation of diesel-powered mobile source emissions, upgrading from the original National II emission standard to National IV, greatly reducing particulate matter emissions. In 2023, the Company passed the B-level acceptance check of air pollution prevention and control performance for key industry enterprises in Zhejiang Province.
3. Solid waste and soil treatment (groundwater): all kinds of hazardous waste of the Company are entrusted to the third qualified party for disposal, the general solid waste with utilization value is recycled, the domestic waste is cleared and transported by the environmental sanitation station, and the construction waste is cleaned and transported by the construction unit. In July 2020, the Company became one of the first "waste free factories" in Shaoxing. The Company commissioned a third-party testing agency to conduct soil and groundwater testing in 2022, and no contamination was found. In 2023, the Company is no longer listed as a key regulatory unit for soil pollution. Zhejiang Sanhua Commercial Refrigeration Co., Ltd passed the "Zero Waste Factory" examination in Shaoxing City in 2023
4. Noise control: The Company's existing main noise is workshop production noise, air compressor room, waste gas and waste water treatment equipment noise. Equipment layout is reasonable, and trees are planted around the workshop. Noise at factory meets the standard.

5. The "three wastes" pollution control facilities of the Company are in normal and stable operation. The pollutants are discharged based on the standard, and there is no environmental pollution event.

Emergency Response Plan

The Company re-prepared the Environmental Emergency Response Plan in August 2023, and filed with Xinchang Environmental Protection Bureau on August 30, 2023 (Record No. 330624-2023-40-M).

Environmental self-monitoring program

The Company formulated *Self-monitoring Scheme of Zhejiang Sanhua Intelligent Control Co., Ltd.* according to the requirements of the superior environmental protection department, combined with the actual production situation and the actual needs of environmental management of the Company. The sewage station of the Company is equipped with a laboratory, and the detection is conducted by a specially assigned person. On online automatic monitoring equipment such as pH, COD, TOC, total copper, total zinc, total chromium, total nickel, and flow rate is installed at the Company's total wastewater discharge outlet, so as to achieve the combination of automatic monitoring and manual testing. For the target pollutants such as suspended matters, total phosphorus, ammonia nitrogen, total iron and petroleum hydrocarbons, the Company entrusts a third-party testing agency to carry out regular monitoring. The monitoring results are published regularly on Zhejiang Provincial Key Pollution Source Monitoring Data Management System.

Investment in environmental governance, protection and payment of environmental protection taxes

During the reporting period, the Company's environmental governance, investment, and payment of environmental protection tax amounted to 34.2376 million yuan.

Measures and effects in reducing carbon emissions during the reporting period

Applicable Not applicable

There are direct greenhouse gas emissions from the use of natural gas, gasoline, and diesel fuel, as well as indirect greenhouse gas emissions from purchased electricity in the Company's production and operations. In this regard, the Company is committed to energy saving and emission reduction practices, as well as continues to innovate green product technologies to ensure effective use of resources and improve operational efficiency. As of the end of the reporting period, the Company had prepared and issued the *Energy Management Measures, Gas and Liquid Management Measures, Compressed Air Use Inspection and Reward & Penalty Management Regulations, Trial Management Measures for Compressed Air Cost Reduction, Water Conservation System*, and other management systems relating to resource conservation. By regularly checking usage, we aim to minimize the consumption of water, electricity, fuel, and other resources, and actively assist society in energy conservation and emission reduction while optimizing our own energy resource costs. At the same time, the Company has always adhered to the business philosophy of energy saving and environmental protection, constantly innovating products and technologies, and is committed to promoting the green and low-carbon development of the industry.

1. Low-Carbon Design and R&D: Integration of ecological principles into product development, design, and manufacturing processes, aligned with sustainable development strategies. Comprehensive lifecycle assessments are systematically implemented to quantify environmental impacts across all stages from raw material procurement to product retirement.

2. Energy Portfolio Optimization: Renewable energy adoption through large-scale deployment of distributed photovoltaic systems replacing grid-supplied electricity, coupled with diversified green power procurement channels. Waste heat recovery initiatives (e.g., compressed air system retrofits) and energy-saving technological

upgrades achieve measurable reductions in energy consumption while enhancing utilization efficiency. Production facilities employ energy storage technologies to maximize photovoltaic utilization rates, implement peak-valley load management, and optimize energy allocation mechanisms.

3. Accurate control of energy efficiency: The Company continues to promote the application of smart energy IOT platform, and effectively controls the use efficiency of all energy within the scope through real-time display of digital information, traceability, technical transformation and energy conservation and consumption reduction analysis.

4. Promote green technology: The Company reduces energy consumption and improves energy efficiency through the improvement of manufacturing and technological process. Reduce energy consumption and carbon emission by troubleshooting of air leakage point of compressed air pipeline of equipment, upgrading and transformation of air compressor, emission reduction of triple supply and nitrogen recycling.

5. Strengthen green cooperation: In order to reduce the energy consumption required for liquefaction during the transportation of oxygen and nitrogen, and reduce the impact on climate, the company has replaced the method of purchasing liquid oxygen and nitrogen with self-made oxygen and nitrogen.

6. Complete green products: In order to significantly reduce carbon emissions during the use of terminal products and promote green and low-carbon development in the industry, the Company has developed a series of low-carbon key core components, such as electronic expansion valves, inverter controllers, and microchannel products.

7. Sustainable Packaging: Implementation of optimized packaging workflows leveraging eco-friendly materials and product recovery programs, complemented by scientifically designed logistics networks to minimize environmental footprint while advancing resource conservation and circular utilization.

8. Green Manufacturing Facilities: The company is accelerating digital and intelligent transformation, establishing green industrial ecosystems, and integrating traditional manufacturing with sustainable practices. Facilities are engineered to achieve high-tech precision, superior quality, and intelligent operations. Zhejiang Sanhua Intelligent Controls Co., Ltd. has been awarded the National Green Factory designation by Chinese authorities, certifying compliance with state-level low-carbon manufacturing standards.

9. Production layout: Sanhua adheres to the concept of "wherever customers are, Sanhua is there" By setting up factories nearby, we not only serve customers but also reduce carbon emissions in transportation. We have established production bases in Mexico, Poland, Vietnam, Thailand, India, Hangzhou, Wuhu, Shaoxing, Xinchang and other areas.

At the same time, as the world's largest refrigeration control component manufacturer and a leading global manufacturer of thermal management system control components for new energy vehicles, the Company fully grasps the business opportunities brought by the global intelligent energy-saving and environmentally friendly home appliances and development of the global new energy vehicle industry, actively explores green and efficient refrigeration technology, and continues to bring professional and green product solutions to the industry.

Administrative penalties due to environmental issues during the reporting period

Not applicable

Other environmental information that should be disclosed

Not applicable

Other environmental information

Not applicable

II. Social responsibility

Please refer to the *2024 Environmental, Social, and Governance (ESG) Report* on CNINFO (<http://www.cninfo.com.cn>) for details.

III. Achievements of poverty alleviation and rural revitalization

Not applicable

Section VI Significant Events

I. Performance of commitments

1. Complete and incomplete commitments of the Company and its actual controller, shareholders, related parties, acquirers, and other related parties for the commitments by the end of the reporting period.

√ Applicable □ Not applicable

Commitments	Commitment party	Nature	Details of commitments	Date of commitments	Term of commitments	Performance
Commitment from reformation of shareholding	Zhang Yabo, controlling shareholder Sanhua Holding Group Co., Ltd.	Other commitment	When the number of shares sold through listing and trading in Shenzhen Stock Exchange reaches 1% of the total number of shares of the Company, it shall make an announcement within two working days from the date of the occurrence of the fact.	November 21, 2005	Until the commitment is fulfilled	Strict performance
Commitments from assets reorganization	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	Zhang Daocai and Sanhua holding group, the controlling shareholder of the Company, promise that there will not be any competition with Sanhua intelligent controls in the business scope being or already carried out in the future.	January 5, 2009	Long term	Strict performance
	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	Sanhua Holding Group promises: after the completion of this transaction, Sanhua Holding Group and Sanhua intelligent controls will sign an agreement according to law, perform legal procedures, fulfill the obligation of information disclosure and handle significant matters for approval in accordance with relevant laws, regulations, and articles of association of Sanhua intelligent controls. In the process of implementation of related party transactions, we will follow the principle of legality and reasonableness, ensure the fairness of prices and procedures, and make certain that the legitimate interests of Sanhua intelligent controls and other shareholders will not be damaged through related party transactions.	January 5, 2009	Long term	Strict performance

	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	<p>In order to avoid horizontal competition with Sanhua intelligent controls, Zhang Daocai, Zhang Yabo, Zhang Shaobo, Sanhua Holding Group the controlling shareholder of the Company, and Sanhua Lvneng Industry, the trading partner made the following commitments:</p> <p>1. I (or the Company) will not directly or indirectly engage in or participate in the business that constitutes potential direct or indirect competition with Sanhua Intelligent Controls and its subordinate enterprises; guarantee that legal and effective measures shall be taken to urge other enterprises controlled by me (or the Company) not to engage in or participate in any business competing with Sanhua Intelligent Controls and its subordinate enterprises.</p> <p>2. If Sanhua Intelligent Controls further expands its business scope, I (or the Company) and other controlled enterprises will not compete with Sanhua Intelligent Controls' expanded business; if it is possible to compete with Sanhua Intelligent Controls' business after expansion, I (or the Company) and other controlled enterprises will withdraw from Sanhua Intelligent Controls in the following ways of competition: A. Stop the businesses that compete or may compete with Sanhua Intelligent Controls; B. Inject the competitive business into Sanhua Intelligent Controls; C. Transfer the competitive business to an unrelated third party.</p> <p>3. If I (or the Company) and other enterprises controlled by me (or the Company) have any business opportunities to engage in and participate in any activities that may compete with Sanhua Intelligent Controls' business operation, they shall immediately inform Sanhua Intelligent Controls of the above business opportunities. If Sanhua Intelligent Controls makes an affirmative reply to take advantage of the business opportunity within a reasonable period specified in the notice, it shall do its best to give the</p>	July 24, 2015	Long term	Strict performance
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			<p>business opportunity to Sanhua Intelligent Controls.</p> <p>4. In case of breach of the above commitment, I (or the Company) is willing to bear all responsibilities arising therefrom and fully compensate all direct or indirect losses caused to Sanhua Intelligent Controls.</p>			
	<p>Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.</p>	<p>Commitment on horizontal competition, related party transactions and capital occupation</p>	<p>In order to standardize the related party transactions with Sanhua Intelligent Controls, Zhang Daocai, Zhang Yabo, Zhang Shaobo, Sanhua Holding Group the controlling shareholder of the Company and Sanhua Lvneng Industrial the trading partner made the following commitments:</p> <p>1. I (or the Company) and the controlled enterprises will reduce the related party transactions with Sanhua intelligent controls as far as possible, and will not use their own status as shareholders of Sanhua intelligent controls to seek for superior rights in terms of business cooperation and other aspects compared with other third parties;</p> <p>2. I (or the Company) will not take advantage of the right to enter into a transaction with Sanhua intellectual controls using the position as a shareholder.</p> <p>3. If there are necessary and unavoidable related party transactions, I (or the Company) and the controlled enterprises will sign agreements with Sanhua intelligent controls in accordance with the principles of fairness, follow legal procedures, and perform the information disclosure obligations in accordance with the requirements of relevant laws, regulatory documents and the articles of association. It shall also perform relevant internal decision-making and approval procedures to ensure that it will not conduct transactions with Sanhua intelligent controls on terms that are obviously unfair compared with the market price, and will not use such transactions to engage in any</p>	<p>July 24, 2015</p>	<p>Long term</p>	<p>Strict performance</p>

			behavior that damages the legitimate rights and interests of Sanhua intelligent controls and other shareholders.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd.	Other Commitment	Zhang Daocai, Zhang Yabo, Zhang Shaobo and Sanhua holding Group, the controlling shareholder of the Company, made the following commitments: after the completion of the transaction, Sanhua intelligent controls will continue to improve the corporate governance structure and independent operation of the Company management system in accordance with the requirements of relevant laws and regulations and the articles of Association, and continue to maintain the independence of Sanhua intelligent controls in business, assets, finance, institutions, personnel, etc. to protect the interests of all shareholders.	July 24, 2015	Long term	Strict performance
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	<p>1. I (or the Company) and the controlled enterprises will reduce the related party transactions with Sanhua intelligent controls as far as possible, and will not use the position as a shareholder of Sanhua intellectual controls to seek the superior rights for business cooperation with Sanhua intelligent controls compared with other third parties;</p> <p>2. I (or the Company) will not use my position as a shareholder of Sanhua intellectual controls to seek for the priority right to cooperate with Sanhua intellectual controls;</p> <p>3. If there are necessary and unavoidable related party transactions, I (or the Company) and the controlled enterprises will sign agreements with Sanhua intelligent controls in accordance with the principles of fairness, follow legal procedures, and perform the information disclosure obligations in accordance with the requirements of relevant laws, regulatory documents and the articles of association. It</p>	September 18, 2017	Long term	Strict performance

			shall also perform relevant internal decision-making and approval procedures to ensure that it will not conduct transactions with Sanhua intelligent controls on terms that are obviously unfair compared with the market price, and will not use such transactions to engage in any behavior that damages the legitimate rights and interests of Sanhua intelligent controls and other shareholders.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	<p>1. I (or the Company) will not directly or indirectly engage in or participate in any business that may constitute potential direct or indirect competition with Sanhua intelligent controls and its subordinate enterprises; guaranteed that legal and effective measures will be taken to urge other enterprises controlled by me (or the Company) not to engage in or participate in any business that is competitive with Sanhua intelligent controls and its subordinate enterprises Business.</p> <p>2. If Sanhua intelligent controls further expands its business scope, I (or the Company) and other enterprises controlled by me (or the Company) will not compete with Sanhua intelligent controls' expanded business; if it is possible to compete with Sanhua intelligent controls' business after expansion, I (or the Company) and other enterprises controlled by me (or the Company) will withdraw from Sanhua intelligent controls in the following ways of competition: A. stop the businesses that compete or may compete with Sanhua intelligent controls; B. inject the competitive business into Sanhua intelligent controls; C. transfer the competitive business to an unrelated third party.</p> <p>3. If I (or the Company) and other enterprises controlled by me (or the Company) have any business opportunities to engage in and participate in any activities that may compete with Sanhua intelligent controls' business operation, they shall immediately inform</p>	September 18, 2017	Long term	Strict perform ance

			<p>Sanhua intelligent controls of the above business opportunities. If Sanhua intelligent controls makes an affirmative reply to take advantage of the business opportunity within a reasonable period specified in the notice, it shall do its best to give the business opportunity to Sanhua intelligent controls.</p> <p>4. In case of breach of the above commitment, I (or the Company) is willing to bear all responsibilities arising therefrom and fully compensate all direct or indirect losses caused to Sanhua intelligent controls.</p>			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Other commitment	After the completion of the transaction, the listed Company will continue to improve the corporate governance structure and independent operation of the Company management system in accordance with the requirements of relevant laws and regulations and the articles of association, continue to maintain the independence of the listed Company in business, assets, finance, institutions, personnel and other aspects, and effectively protect the interests of all shareholders.	September 18, 2017	Long term	Strict performance
Commitment made during initial public offering or refinancing	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	The commitment made at the time of IPO, it shall not engage in the same production, operation or business as the Company in the future. In order to avoid business competition with the Company and clarify the non-competition obligations, Sanhua Holding Group, on behalf of itself and its subsidiaries with more than 50% equity, makes a commitment to Sanhua intelligent controls to avoid possible horizontal competition.	June 7 2005	Long term	Strict performance
Other commitments made to minority shareholders of the Company	The controlling shareholders of the listed Company Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial	Other commitment	Will not actively reduce holdings of the Company's shares within eighteen months from August 18, 2022.	August 18, 2022	February 17, 2024	Strict performance

	Group Co., Ltd., and Mr. Zhang Yabo				
Are the commitments fulfilled on time	Yes				
In the event that commitments remain unfulfilled beyond the prescribed deadline, the obligated party shall submit a detailed explanation of the specific causes for incomplete performance and formulate a comprehensive roadmap for subsequent remedial actions.	Not applicable				

2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall explain the reasons for the assets or projects reaching the original profit forecast

Applicable Not applicable

II. The Company's funds used by the controlling shareholder or its related parties for non-operating purposes.

Applicable Not applicable

No such case during the reporting period.

III. Illegal external guarantee

Applicable Not applicable

No illegal external guarantees during the reporting period.

IV. Explanation Given by the Board of Directors Regarding the "Non-standard Auditor's Report" Issued by the CPA Firm for the Reporting Period

Applicable Not applicable

V. Explanation Given by the Board of Directors, Board of Supervisors and Independent Directors (if any) Regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Reporting Period

Applicable Not applicable

VI. For changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year

Applicable Not applicable

Changes in Accounting Policies due to Amendments to the Accounting Standards for Business Enterprises

1. Effective January 1, 2024, the Company has adopted the provisions of *Accounting Standards for Business Enterprises Interpretation No. 17* issued by the Ministry of Finance regarding the "Classification of Current Liabilities and Non-current Liabilities," with adjustments made to comparable period information. This accounting policy change has no impact on the Company's financial statements.

2. Effective January 1, 2024, the Company has implemented the disclosure requirements under *Accounting Standards for Business Enterprises Interpretation No. 17* pertaining to "Supplier Financing Arrangements."

3. Effective January 1, 2024, the Company has applied the accounting treatment provisions of *Accounting Standards for Business Enterprises Interpretation No. 17* concerning "Sale and Leaseback Transactions." This accounting policy change has no impact on the Company's financial statements.

4. Effective January 1, 2024, the Company has adopted the provisions of *Accounting Standards for Business Enterprises Interpretation No. 18* regarding "Accounting Treatment for Warranty-type Quality Assurance Not Constituting a Single Performance Obligation," with retrospective adjustments applied to comparable periods.

The specific adjustments are as follows:

Materially Affected Financial Statement Items	2023 Impact Amount	
	Consolidated Income Statement	Parent Company Income Statement
2023 Consolidated Income Statement Items		
Sales of cost	+65,738,686.79	+7,001,846.35
Selling Expenses	-65,738,686.79	-7,001,846.35

VII. Explanation for changes in scope of the consolidated financial statements as compared to the financial report for the prior year

Applicable Not applicable

1. Increase in consolidation scope

Name	Equity acquisition method	Date of equity acquisition	Actual capital contribution at the end Of the period	Proportion of capital contribution
Hangzhou Lvneng New Energy Automotive Components Co., Ltd.	Contractual Equity	2024-09-30	RMB 7.7 million	100%

Name	Equity acquisition method	Date of equity acquisition	Actual capital contribution at the end Of the period	Proportion of capital contribution
	Transfer			
Zhejiang Sanhua Intelligent Drive Co., Ltd.	Greenfield Equity Investment	2024-06-04	RMB 74 million	100%
Zhejiang Shengtai Paper Industry Co., Ltd.	Greenfield Equity Investment	2024-06-20	RMB 21 million	70%
Sanhua Automotive Components Korea Co., Ltd.	Greenfield Equity Investment	2024-07-08	90,000 KRW	100%
Sanhua International Singapore PTE. Ltd. (Consolidated)	Greenfield Equity Investment	2024-08-28	0.00	100%
Sanhua Intelligent Drive (Thailand) Co., Ltd.	Greenfield Equity Investment	2024-11-01	0.00	100%
SANHUATROY PROPERTY MANAGEMENT,LLC	Greenfield Equity Investment	2024-06-28	0.00	100%

2. Reduction in consolidation scope

Name	Equity disposal method	Date of equity disposal	Net assets on disposal date	Net profit from the beginning of the period to the date of disposal
American Tubing International Leverage lender LLC	Cancellation	2024-10-09	—	—

VIII. Engagement and disengagement of the CPA firm

CPA firm engaged at present

Name of the domestic CPA firm	Pan-China Certified Public Accountants LLP.
Remuneration of domestic accounting firms (in 10,000 yuan)	318
Consecutive years of the audit service provided by the domestic CPA firm	24
Name of the certified public accountants from the domestic CPA firm	Qian Zhongxian, Ouyang Xiaoyun, Zhou Heng
Consecutive years of the audit service provided by the certified public accountants from the domestic CPA firm	Qian Zhongxian has been in service for 1 consecutive year Ouyang Xiaoyun has been in service for 1 consecutive year Zhou Heng has been in service for 1 consecutive year

Whether the CPA firm was changed in the current period

Yes No

Engagement of internal control audit CPA firm, financial advisor or sponsor

Applicable Not applicable

During the reporting period, the Company engaged Pan-China Certified Public Accountants LLP. as the internal control audit accounting firm, with an internal control audit fee of RMB 212,000.

IX. Listing suspension and termination after disclosure of this annual report

Applicable Not applicable

X. Bankruptcy and Restructuring

Applicable Not applicable

No such case during the reporting period.

XI. Material Litigation and Arbitration

Applicable Not applicable

No such case during the reporting period.

XII. Punishments and Rectifications

Applicable Not applicable

No such case during the reporting period.

XIII. Integrity of the Company and Its Controlling Shareholders and Actual Controllers

Applicable Not applicable

XIV. Significant Related-party Transaction

1. Related-party transactions arising from routine operation

Applicable Not applicable

No such case in the reporting period.

2. Related-party transactions regarding purchase and disposal of assets or equity

Applicable Not applicable

No such case in the reporting period.

3. Significant related-party transactions arising from joint investments on external parties

Applicable Not applicable

No such case in the reporting period.

4. Related credit and debt transactions

Applicable Not applicable

No such case in the reporting period.

5. Transactions with related financial companies

Applicable Not applicable

No such case in the reporting period.

6. Transactions between financial companies controlled by the Company and related parties

Applicable Not applicable

No such case in the reporting period.

7. Other significant related party transactions

Applicable Not applicable

No such case in the reporting period.

XV. Significant Contracts and Execution

1. Matters on trusteeship, contracting, and leasing

(1) Trusteeship

Applicable Not applicable

No such case in the reporting period.

(2) Contracting

Applicable Not applicable

No such case in the reporting period.

(3) Leasing

Applicable Not applicable

Illustration of lease

For details of related information about leasing, please refer to the "Lease Disclosures" subsection within "15. Other Significant Matters" of "Section X financial report".

Items with profit and loss exceeding 10% of the total profit of the Company in the report period

Applicable Not applicable

During the reporting period, there is no leasing project with profit and loss of more than 10% of the total profit of the Company during the reporting period.

2. Significant guarantees

√Applicable □ Not applicable

Unit: RMB in 10 thousand

External Guarantees from the Company and its Subsidiaries (Excluding Guarantees to the Subsidiaries)										
Guaranteed Party	Announcement Date of Disclosure of the Guarantee Amount	Guarantee Amount	Actual Occurrence Date	Actual Guarantee Amount	Type of Guarantee	Collateral (if any)	Counter guarantee (if any)	Term of Guarantee	Due or not	Guarantee for Related Parties or Not
Company's Guarantees to Subsidiaries										
Guaranteed Party	Announcement Date of Disclosure of the Guarantee Amount	Guarantee Amount	Actual Occurrence Date	Actual Guarantee Amount	Type of Guarantee	Collateral (if any)	Counter guarantee (if any)	Term of Guarantee	Due or not	Guarantee for Related Parties or Not
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2022.8.13	240,000	2023.2.24	5,267.99	Joint liability guarantee			2023.3.24-2024.3.23	Yes	Yes
Guangdong Sanhua New Energy Vehicle Components Co., Ltd.	2023.11.7	500	2023.11.29	500	Joint liability guarantee			2023.11.29-2024.4.2	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2023.5.4	3,010.28	Joint liability guarantee			2023.5.4-2024.5.3	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2023.5.4	4,515.42	Joint liability guarantee			2023.5.4-2024.5.3	Yes	Yes

ORE PTE. LTD.										
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2023.5.11	3,762.85	Joint liability guarantee			2023.5.11-2024.5.10	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2023.5.22	14,298.83	Joint liability guarantee			2023.5.22-2024.5.21	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2023.5.31	7,525.7	Joint liability guarantee			2023.5.31-2024.5.30	Yes	Yes
SANHUA INTERNATIONAL, INC.	2023.4.29	95,000	2023.6.9	10,782.6	Joint liability guarantee			2023.6.9-2024.6.5	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2023.5.11	2,156.52	Joint liability guarantee			2023.5.11-2024.7.8	Yes	Yes
SANHUA INTERNATIONAL, INC.	2023.4.29	95,000	2023.9.8	2,875.36	Joint liability guarantee			2023.9.8-2024.9.6	Yes	Yes
SANHUA INTERNATIONAL, INC.	2023.4.29	95,000	2023.9.1	1,437.68	Joint liability guarantee			2023.9.1-2024.9.30	Yes	Yes

SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2023.4.2 9	340,000	2023.8.2 1	14,376.8	Joint liability guarante e			2023.8.2 1- 2024.8.2 0	Yes	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2023.4.2 9	340,000	2023.10. 20	5,267.99	Joint liability guarante e			2023.10. 20- 2024.10. 19	Yes	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2023.4.2 9	340,000	2023.10. 25	4,515.42	Joint liability guarante e			2023.10. 25- 2024.10. 24	Yes	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2023.4.2 9	340,000	2023.11. 20	7,525.7	Joint liability guarante e			2023.11. 20- 2024.11. 19	Yes	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2023.4.2 9	340,000	2023.11. 20	7,188.4	Joint liability guarante e			2023.11. 20- 2024.11. 19	Yes	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2023.4.2 9	340,000	2023.12. 7	9,783.41	Joint liability guarante e			2023.12. 7- 2024.12. 6	Yes	Yes
Zhejiang Sanhua Heat	2024.4.3 0	20,000	2024.6.2 8	5,000	Joint liability guarante e			2024.6.2 8- 2029.7.2	Yes	Yes

Exchanger Co., Ltd.					e			0		
Guangdong Sanhua New Energy Vehicle Components Co., Ltd.	2023.11.7	500	2024.4.25	1,105.88	Joint liability guarantee			2024.4.25-2024.11.30	Yes	Yes
Guangdong Sanhua New Energy Vehicle Components Co., Ltd.	2023.11.7	500	2024.4.25	62.67	Joint liability guarantee			2024.4.25-2024.11.30	Yes	Yes
Guangdong Sanhua New Energy Vehicle Components Co., Ltd.	2023.11.7	500	2024.4.25	647.41	Joint liability guarantee			2024.4.25-2024.11.30	Yes	Yes
Guangdong Sanhua New Energy Vehicle Components Co., Ltd.	2023.11.07	500	2024.4.25	989.29	Joint liability guarantee			2024.4.25-2024.12.30	Yes	Yes
Guangdong Sanhua New Energy Vehicle Components Co., Ltd.	2023.11.7	500	2024.4.25	935.38	Joint liability guarantee			2024.4.25-2024.12.30	Yes	Yes
SANHUA INTERNATIONAL, INC.	2024.4.30	95,000	2024.6.6	10,782.6	Joint liability guarantee			2024.6.6-2025.6.4	Yes	Yes
Sanhua AWECO	2024.4.30	350,000	2024.7.29	1,505.14	Joint liability guarantee			2024.7.29-2024.10.	Yes	Yes

Appliance Systems GmbH					e			31		
Sanhua AWECO Appliance Systems GmbH	2024.4.30	350,000	2024.11.4	752.57	Joint liability guarantee			2024.11.4-2024.11.29	Yes	Yes
Sanhua AWECO Appliance Systems GmbH	2024.4.30	350,000	2024.9.9	1,505.14	Joint liability guarantee			2024.9.9-2024.12.9	Yes	Yes
Sanhua AWECO Appliance Systems GmbH	2024.4.30	350,000	2024.9.9	1,505.14	Joint liability guarantee			2024.9.9-2024.12.9	Yes	Yes
Sanhua AWECO Appliance Systems GmbH	2024.4.30	350,000	2024.12.9	1,505.14	Joint liability guarantee			2024.12.9-2025.2.10	No	Yes
Sanhua AWECO Appliance Systems GmbH	2024.4.30	350,000	2024.12.9	1,505.14	Joint liability guarantee			2024.12.9-2025.2.10	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2023.4.29	340,000	2024.3.24	5,267.99	Joint liability guarantee			2024.3.24-2025.3.23	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2024.4.30	360,000	2024.5.3	3,010.28	Joint liability guarantee			2024.5.3-2025.5.2	No	Yes

SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2024.4.3 0	360,000	2024.5.3	4,515.42	Joint liability guarante e			2024.5.3 - 2025.5.2	No	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2024.4.3 0	360,000	2024.5.1 0	3,762.85	Joint liability guarante e			2024.5.1 0- 2025.5.9	No	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2024.4.3 0	360,000	2024.5.2 1	14,298.8 3	Joint liability guarante e			2024.5.2 1- 2025.5.2 0	No	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2024.4.3 0	360,000	2024.5.3 0	7,525.7	Joint liability guarante e			2024.5.3 0- 2025.5.2 9	No	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2024.4.3 0	360,000	2024.7.3	2,156.52	Joint liability guarante e			2024.7.3 - 2025.7.2	Yes	Yes
SANHU A INTER NATIO NAL SINGAP ORE PTE. LTD.	2024.4.3 0	360,000	2024.8.2 0	7,188.4	Joint liability guarante e			2024.8.2 0- 2025.8.1 9	No	Yes
SANHU A INTER	2024.4.3 0	360,000	2024.8.2 0	7,188.4	Joint liability guarante e			2024.8.2 0- 2025.8.1	No	Yes

NATIONAL SINGAPORE PTE. LTD.					e			9		
SANHUA INTERNATIONAL, INC.	2024.4.30	95,000	2024.9.4	2,156.52	Joint liability guarantee			2024.9.4 - 2025.9.3	No	Yes
SANHUA INTERNATIONAL, INC.	2024.4.30	95,000	2024.9.27	2,515.94	Joint liability guarantee			2024.9.27 - 2025.9.26	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2024.4.30	360,000	2024.10.20	5,267.99	Joint liability guarantee			2024.10.20 - 2025.10.19	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2024.4.30	360,000	2024.10.25	4,515.42	Joint liability guarantee			2024.10.25 - 2025.10.24	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2024.4.30	360,000	2024.11.19	7,525.7	Joint liability guarantee			2024.11.19 - 2025.11.18	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	2024.4.30	360,000	2024.11.19	7,188.4	Joint liability guarantee			2024.11.19 - 2025.11.18	No	Yes
SANHUA INTERNATIONAL	2024.4.30	360,000	2024.12.6	9,783.41	Joint liability guarantee			2024.12.6 - 2025.12.	No	Yes

NATIONAL SINGAPORE PTE. LTD.					e			5		
Total Amount of Guarantees to Subsidiaries Approved during the Reporting Period (B1)		810,000	Total Amount of Guarantees to Subsidiaries Actually Occurred during the Reporting Period (B2)							226,460.21
Total Amount of Guarantees to Subsidiaries Approved by the End of the Reporting Period (B3)		810,000	Total Balance of Guarantees Actually Paid to Subsidiaries at the End of the Reporting Period (B4)							94,721.53
Subsidiaries' Guarantees to Subsidiaries										
Guaranteed Party	Announcement Date of Disclosure of the Guarantee Amount	Guarantee Amount	Actual Occurrence Date	Actual Guarantee Amount	Type of Guarantee	Collateral (if any)	Counter guarantee (if any)	Term of Guarantee	Due or not	Guarantee for Related Parties or Not
The total amount of the Company's guarantees (the total of the above three items)										
Total Amount of Guarantees Approved during the Reporting Period (A1+B1+C1)		810,000	Total Amount of Guarantees Actually Occurred during the Reporting Period (A2+B2+C2)							226,460.21
Total Amount of Guarantees Approved by the End of the Reporting Period (A3+B3+C3)		810,000	Total Balance of Guarantees Actually Paid at the End of the Reporting Period (A4+B4+C4)							94,721.53
Total Amount of Actual Guarantees (A4+B4+C4) as a Percentage of the Company's Net Assets										4.91%
Of which:										
Outstanding Guarantees Provided to Shareholders, Actual Controllers, and Their Related Parties (D)										0
Balance of Debt Guarantees Directly or Indirectly Offered to Guaranteed Objects with Asset-liability Ratio Exceeding 70% (E)										3,010.28
Amount Exceeding 50% of Net Assets in Total Guarantees (F)										0
Total Amount of the Above Three Guarantees (D+E+F)										3,010.28

3. Entrusting others to manage cash assets

(1) Entrusted financing

Applicable Not applicable

Entrusted financing during the reporting period

Unit: RMB in 10 thousand

Specific type	Capital source	Amount	Balance before maturity	Overdue uncollected amount	Accrued impairment amount of overdue unrecovered financial management
Bank financial products	Own funds, Raised Capital	163,500	163,500		
Securities Company Wealth Management Products	Own funds, Raised Capital	149,399.9	139,399.9		
Total		312,899.9	302,899.9		

Details of high-risk entrusted financial management with large single amount, low security or poor liquidity

Applicable Not applicable

The principal of entrusted financial management is expected uncollectible or there are other situations that may lead to impairment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

No such case in the reporting period.

4. Significant contracts in operation

Applicable Not applicable

No such case in the reporting period.

XVI. Other Significant Events

Applicable Not applicable

1. Repurchase of company shares

The 30th Interim Meeting of the Seventh Board of Directors convened on December 30, 2024, reviewed and approved the *Proposal on the Share Repurchase Plan*. The Company utilized self-owned funds and specialized share repurchase loan capital to repurchase shares through centralized bidding on the Shenzhen Stock Exchange, with the repurchased shares designated for subsequent equity incentive plans or employee stock ownership programs. The maximum repurchase price would not exceed RMB 36.00 per share, with total repurchase funds

ranging between RMB 300 million and RMB 600 million. The repurchase period will span 12 months from the date of board approval. Further details are available in the official announcements published by the Company on the Juchao Information Network (www.cninfo.com.cn).

XVII. Significant Events of the Company's Subsidiaries

Applicable Not applicable

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus share	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
1. Shares subject to conditional restriction(s)	42,522,191	1.14%				19,417,311	19,417,311	61,939,502	1.66%
1) Shares held by states									
2) Shares held by state-owned corporations									
3) Shares held by other domestic investors	42,466,191	1.14%				19,441,311	19,441,311	61,907,502	1.66%
Of which: Shares held by domestic corporations									
Shares held by domestic individuals	42,466,191	1.14%				19,441,311	19,441,311	61,907,502	1.66%
4) Shares held by overseas investors	56,000	0.00%				-24,000	-24,000	32,000	0.00%
Of which: Shares held by overseas corporations									

Shares held by overseas individuals	56,000	0.00%				-24,000	-24,000	32,000	0.00%
2. Shares without restriction	3,690,093,344	98.86%				-19,643,311	-19,643,311	3,670,450,033	98.34%
1) RMB common shares	3,690,093,344	98.86%				-19,643,311	-19,643,311	3,670,450,033	98.34%
2) Domestically listed foreign shares									
3) Foreign shares listed overseas									
4) Others									
3. Total	3,732,615,535	100.00%				-226,000	-226,000	3,732,389,535	100.00%

Reason for the changes in share capital

√ Applicable □ Not applicable

- At the beginning of each year, the number of locked shares should be re-calculated according to 75% of the total number of shares held by the senior management.
- Under the Company's 2024 restricted shares incentive plan, 24.91 million restricted shares were granted to 1,933 incentive recipients, with the shares sourced from the company's repurchase account and tradable shares being converted into restricted shares.
- June 29, 2024, the second vesting period of the 2022 restricted share incentive plan was completed, and 5.133 million restricted shares of 1,313 incentive recipients who meet the conditions were released.
- The Company has repurchased and canceled 226,000 restricted shares held by 33 incentive recipients who do not meet the conditions under the 2022 Restricted Share Incentive Plan.

Approval for changes in share capital

√ Applicable □ Not applicable

- Under the 2024 restricted stock incentive plan, the total of 24.91 million restricted shares were granted to 1,933 incentive recipients with the price of RMB 11.75 per share by June 19, 2024. The approval details are as follows:
 - April 19, 2024, the Company held the 20th extraordinary meeting of the 7th Board of Directors and the 17th extraordinary meeting of the 7th Board of Supervisors, respectively, in which, *Resolution on the '2024 Restricted Share Incentive Plan (Draft)' and Its Summary of Zhejiang Sanhua Intelligent Controls Co., Ltd.*, *Resolution on the 'Implementation and Assessment Management Measures for the 2024 Equity Incentive Plan of Zhejiang Sanhua Intelligent Controls Co., Ltd.* and *Resolution on Requesting the General Shareholders' Meeting to*

Authorize the Board of Directors to Handle Matters Related to the 2024 Equity Incentive Plan were approved by the Compensation and Assessment Committee of the Board of Directors.

(2) April 30, 2024, the Company disclosed in announcement the *Supervisory Committee's Report on the Public Disclosure and Verification of the Grantee List for the 2024 Equity Incentive Plan*.

(3) May 6, 2024, the first extraordinary general meeting of shareholders in 2024 was held, in which, *Resolution on the '2024 Restricted Share Incentive Plan (Draft)' and Its Summary of Zhejiang Sanhua Intelligent Controls Co., Ltd.*, *Resolution on the 'Implementation and Assessment Management Measures for the 2024 Equity Incentive Plan of Zhejiang Sanhua Intelligent Controls Co., Ltd.* and *Resolution on Authorizing the Board of Directors to Handle Matters Related to the 2024 Equity Incentive Plan* were approved.

(4) May 13, 2024, the 22nd extraordinary meeting of the 7th Board of Directors and the 19th extraordinary meeting of the 7th Board of Supervisors approved the *Resolution on Granting Restricted Shares to Grantees under the 2024 Restricted Share Incentive Plan*. These resolutions had been previously approved by the Compensation and Assessment Committee of the Board of Directors.

(5) June 3, 2024, the 23rd extraordinary meeting of the 7th Board of Directors and the 20th extraordinary meeting of the 7th Board of Supervisors approved the *Resolution on Granting Restricted Shares to Deferred Grantees under the Company's 2024 Restricted Share Incentive Plan* and *Resolution on Adjusting the List of Grantees, Grant Quantity, and Grant Price under the 2024 Restricted Share Incentive Plan*. These resolutions had been previously approved by the Compensation and Assessment Committee of the Board of Directors.

(6) June 20, 2024, the second extraordinary general meeting of shareholders in 2024 was held, in which *Proposal on repurchase and cancellation of some restricted shares* was approved. The Company repurchased and cancelled 22,600 restricted shares held by unqualified incentive objects in the 2022 restricted stock incentive plan.

2. June 3, 2024, the 23rd extraordinary meeting of the 7th Board of Directors and the 20th extraordinary meeting of the 7th Board of Supervisors approved the *Resolution on Fulfillment of Release Conditions for the Second Vesting Period under the 2022 Restricted Share Incentive Plan* and *Resolution on Repurchase and Cancellation of Portion of Restricted Shares*. These resolutions were previously approved by the Compensation and Assessment Committee of the Board of Directors. A total of 1,313 incentive recipients have met the release conditions, with 5.133 million shares eligible for release from restrictions.

Transfer of shares

√ Applicable □ Not applicable

1. May 13, 2024 and June 3, 2024, the Company granted a total of 24.91 million restricted shares to 1,933 incentive recipients. The share transfer registration for restricted shares was formally completed on June 19, 2024.
2. In 2024, the Company repurchased and cancelled 226,000 shares that were not qualified for unlocking, with the repurchase and cancellation procedures formally completed on September 27, 2024.

Effects of changes in share capital on the basic earnings per share ("EPS"), diluted EPS, net assets per share attributable to common shareholders of the Company, and other financial indexes over the last year

and last period

Applicable Not applicable

Other contents that the Company considers necessary or required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: Share

Name of shareholder	Opening balance of restricted shares	Vested in current period	Unlock shares in current period	Closing balance of restricted shares	Note for restricted shares	Date of unlocking
Zhang Yabo	29,268,150	0	0	29,268,150	Comply with the relevant provisions of executives shares management	Comply with the relevant provisions of executives shares management
Wang Dayong	189,421	100,000	0	289,421	Comply with relevant provisions of equity incentive and executive shares management.	Comply with relevant provisions of equity incentive and executive shares management.
Ni Xiaoming	183,796	80,000	0	263,796	Comply with relevant provisions of equity incentive and executive shares management.	Comply with relevant provisions of equity incentive and executive shares management.
Chen Yuzhong	252,562	80,000	0	332,562	Comply with relevant provisions of equity incentive and executive shares management.	Comply with relevant provisions of equity incentive and executive shares management.
Hu Kaicheng	189,421	80,000	0	269,421	Comply with relevant provisions of equity incentive and executive shares management.	Comply with relevant provisions of equity incentive and executive shares management.
Yu Yingkui	212,901	80,000	0	292,901	Comply with relevant provisions of equity incentive and executive	Comply with relevant provisions of equity incentive and executive

					shares management.	shares management.
Mo Yang	10,926	0	0	10,926	Comply with relevant provisions of executive shares management.	Comply with relevant provisions of executive shares management.
Chen Xiaoming	8,325	0	0	8,325	Comply with relevant provisions of executive shares management.	Comply with relevant provisions of executive shares management.
Other incentive objects	11,956,000	24,490,000	5,242,000	31,204,000	Comply with relevant provisions of equity incentive	Comply with relevant provisions of equity incentive
Total	42,271,502	24,910,000	5,242,000	61,939,502	--	--

II. Issuance and Listing of Securities

1. Securities (exclude preferred share) issued during the reporting period

Applicable Not applicable

2. Explanation on changes in share capital & the structure of shareholders, the structure of assets and liabilities

Applicable Not applicable

June 20, 2024, the second extraordinary general meeting of shareholders in 2024 was held, in which *Proposal on repurchase and cancellation of some restricted shares* was approved. The Company repurchased and cancelled 226,000 restricted shares held by unqualified incentive objects in the 2022 restricted stock incentive plan.

3. Existent shares held by internal staff of the Company

Applicable Not applicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: Share

Total Number of Common Shareholders at the End of the	145,342	Total number of common shareholders at the end of previous	216,612	Total Number of Preferred Shareholders (If Any) (Refer to	0	Total number of preferred shareholders (if any) (refer to Note 8) with resumed voting rights at the end of previous month before the disclosure date	0
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Reporting Period		month before the disclosure date of the annual report		Note 8) Whose Voting Rights Have Been Recovered at the End of the Reporting Period		of the annual report		
Particulars about Shares Held by Shareholders with a Shareholding Percentage over 5% or the Top 10 of Them (excluding Securities Lending and Borrowing)								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the end of the reporting period	Increase/decrease during the reporting period	The number of shares held with trading restrictions	The number of shares held without trading restrictions	Pledged, marked or frozen	
							Status	Amount
Sanhua Holding Group Co., Ltd.	Domestic non-state-owned corporation	25.41%	948,487,077	0	0	948,487,077	Not applicable	0
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	Domestic non-state-owned corporation	19.90%	742,747,954	0	0	742,747,954	Pledged	220,000,000
Hong Kong Central Clearing Limited	Overseas corporation	6.40%	238,986,593	-340,165,422	0	238,986,593	Not applicable	0
Zhang Yabo	Domestic Individual	1.05%	39,024,200	0	29,268,150	9,756,050	Not applicable	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	Others	1.04%	38,648,497	21,994,900	0	38,648,497	Not applicable	0
China Construction Bank Corporation Limited - E Fund	Others	0.71%	26,667,180	20,614,800	0	26,667,180	Not applicable	0

CSI 300 Sponsored Exchange Traded Open-End Index Securities Investment Fund								
Kuwait Investment Authority	Overseas corporation	0.63%	23,520,834	5,974,295	0	23,520,834	Not applicable	0
National Social Security Fund Portfolio 102	Others	0.52%	19,432,707	19,432,707	0	19,432,707	Not applicable	0
China Life Insurance Company Limited - Traditional -General Insurance Product-005L-CT001 Shanghai	Others	0.51%	19,143,116	2,518,126	0	19,143,116	Not applicable	0
Industrial and Commercial Bank of China Limited - China Europe Times Pioneer Equity Sponsored Securities Investment Fund	Others	0.48%	17,847,644	17,847,644	0	17,847,644	Not applicable	0
Information about Strategic Investors' or General Legal Persons' Becoming Top Ten Common Shareholders for Placement of New Shares (If Any) (Refer to Note 3)	No							
Explanation on Associated Relationship or Concerted Actions among the Above-Mentioned Shareholders	Among the above shareholders, Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd. and Zhang Yabo are the persons acting in concert. The Company does not know whether there is any related relationship between other shareholders, or whether they belong to the persons acting in concert stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .							

Disclosure on Delegated/Exercised Voting Rights and Waiver of Voting Rights by the Above-Mentioned Shareholders	No		
Special Note on Buyback Dedicated Accounts Among Top 10 Shareholders (if applicable) (see Note 10)	No		
Particulars about Shares Held by Top 10 Common Shareholders Holding Shares That Are Not Subject to Trading Restrictions			
Name of Shareholder	Number of Common Shares Held without Restrictions at the End of the Reporting Period	Type of shares	
		Type	Amount
Sanhua Holding Group Co., Ltd.	948,487,077	RMB common stock	948,487,077
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	742,747,954	RMB common stock	742,747,954
Hong Kong Central Clearing Limited	238,986,593	RMB common stock	238,986,593
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment Fund	38,648,497	RMB common stock	38,648,497
China Construction Bank Corporation Limited - E Fund CSI 300 Sponsored Exchange Traded Open-End Index Securities Investment Fund	26,667,180	RMB common stock	26,667,180
Kuwait Investment Authority	23,520,834	RMB common stock	23,520,834
National Social Security Fund Portfolio 102	19,432,707	RMB common stock	19,432,707
China Life Insurance Company Limited - Traditional-General Insurance Product-005L-CT001 Shanghai	19,143,116	RMB common stock	19,143,116
Industrial and Commercial Bank of China Limited - China Europe Times Pioneer Equity Sponsored	17,847,644	RMB common stock	17,847,644

Securities Investment Fund			
Industrial and Commercial Bank of China Limited - ChinaAMC CSI 300 Exchange Traded Open-End Index Securities Investment Fund	17,726,424	RMB common stock	17,726,424
Explanation of Associated Relationship or Concerted Actions among Top Ten Common Shareholders without Trading Restrictions, and among Top Ten Common Shareholders without Trading Restrictions and Top Ten Common Shareholders	Among the above shareholders, Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd. and Zhang Yabo are the persons acting in concert. The Company does not know whether there is any related relationship between other shareholders, or whether they belong to the persons acting in concert stipulated in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .		
Explanation of Top Ten Common Shareholders' Participation in Securities Margin Trading (If Any) (Refer to Note 4)	N/A		

The major shareholders (holding $\geq 5\%$ shares), the top ten shareholders and unrestricted circulating shareholders participating in the securities lending and borrowing

Applicable Not applicable

Unit: share

The major shareholders (holding $\geq 5\%$ shares), the top ten shareholders and unrestricted circulating shareholders participating in the securities lending and borrowing								
Full name of shareholder	Shares in the common account and credit account at the period-begin		Shares lent and not yet returned at the period-begin		Shares in the common account and credit account at the period-end		Shares lent and not yet returned at the period-end	
	Total shares	As % of total share capital	Total shares	As % of total share capital	Total shares	As % of total share capital	Total shares	As % of total share capital
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange Traded Open-End Index Securities Investment	16,653,597	0.45%	20,600	0.00%	38,648,497	1.04%	0	0.00%

Fund								
China Construction Bank Corporation - E Fund CSI 300 Exchange Traded Open-End Index Sponsored Securities Investment Fund	6,052,380	0.16%	146,400	0.00%	26,667,180	0.71%	0	0.00%
Industrial and Commercial Bank of China Limited - ChinaAM C CSI 300 Exchange Traded Open-End Index Securities Investment Fund	4,558,024	0.12%	285,600	0.01%	17,726,424	0.47%	0	0.00%

Changes in the top ten shareholders compared to the previous period

Applicable Not applicable

Any of the Company's top 10 common shareholders or top 10 non-restricted common shareholders conducted any agreed buy-back in the reporting period

Applicable Not applicable

No such cases during the current reporting period.

2. Particulars about controlling shareholder of the Company

Nature of the controlling shareholder: Natural person

Type of the actual controller: Corporation

Name of controlling shareholder	Legal Representative /People in charge	Date of establishment	Organization code	Business scope
Sanhua Holding Group Co., Ltd	Zhang Daocai	July 11, 2000	91330624720002522J	Industrial investment; Manufacturing and sales: General parts,

				<p>electronic products; sales: metal materials (excluding precious and rare metals), chemical raw materials (except dangerous chemicals and precursor chemicals), rubber; export of products and related technologies produced by the enterprise and its member enterprises. It is engaged in the export business of raw and auxiliary materials, machinery and equipment, instruments and meters, spare parts and related technologies needed by the enterprise and its member enterprises for production and scientific research; it is engaged in the processing of imported materials and the business of "three supplies and one supplement". Technical consultation, technical service, financial consultation and investment consultation. (In terms of projects subject to approval according to law, business activities can be carried out only after approval by relevant departments.)</p>
<p>Shares held by the controlling shareholder in other foreign listed companies through controlling or holding during the reporting period</p>	<p>N/A</p>			

Change of the controlling shareholder during the reporting period

Applicable Not applicable

The Company's controlling shareholder has not changed during the reporting period.

3. Particulars about the Company's actual controller & concerted parties

Nature of the actual controller: Domestic natural person

Type of the actual controller: Natural person

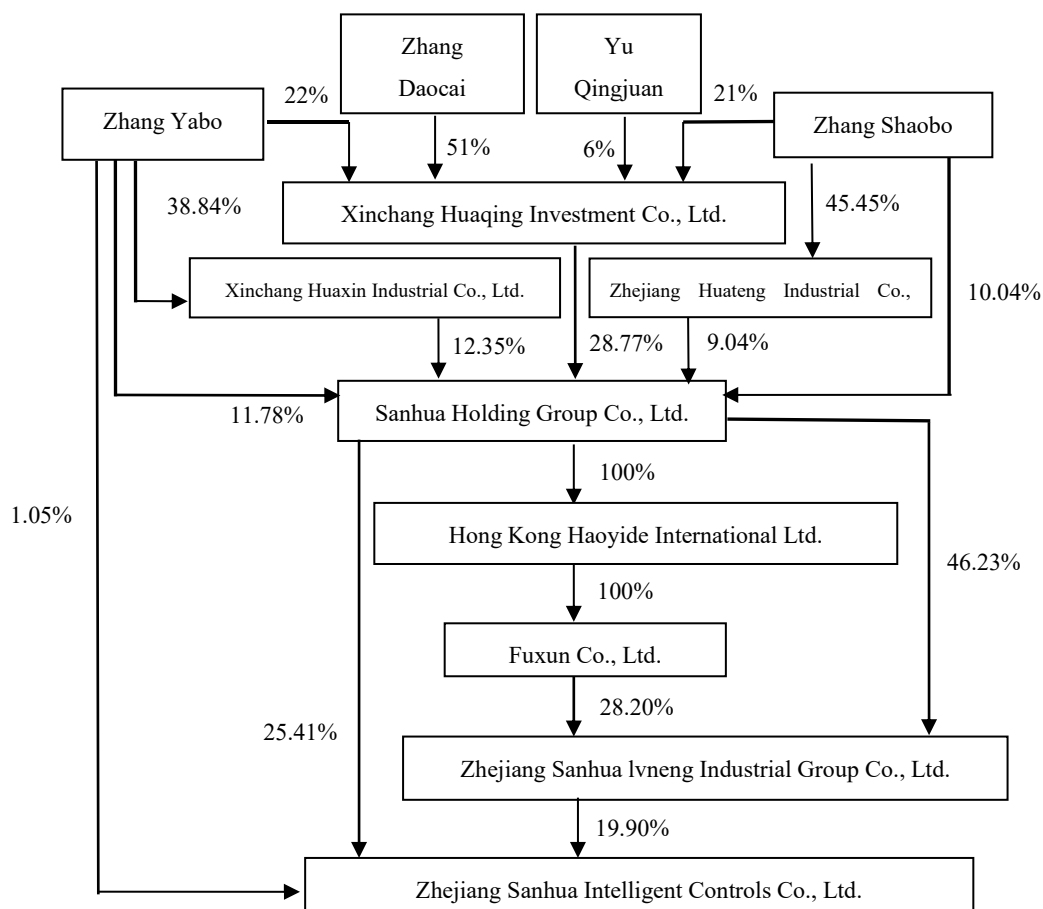
Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Zhang Daocai	Himself	China	No
Zhang Yabo	Himself	China	No
Zhang Shaobo	Himself	China	No
Main occupation and position	<p>Mr. Zhang Daocai: Chinese nationality, born in 1950, senior economist. He is honorary chairman of the Company and chairman of the board of directors of Sanhua Holding Group Co., Ltd. He was elected as the representative of the 8th, 9th, 10th, 11th and 12th National People's Congress of Zhejiang Province and vice president of the China Enterprise Federation and the Chinese Entrepreneurs Association. Used to be the vice president of Zhejiang small and medium sized Enterprises Association, vice president of Zhejiang Business Management Research Association and vice president of Asia Pacific Chinese Leaders Association, and won the National Labor Medal of May 1st, national excellent entrepreneur, master of Chinese management, most creative Chinese business leader in Asia Pacific, Model worker of Zhejiang Province, meritorious entrepreneur of implementing the "eight eight strategy" in Zhejiang Province, lifelong leader entrepreneur of Zhejiang Province, leading figures of Zhejiang Manufacturing and other honors.</p> <p>Mr. Zhang Yabo: Chinese nationality, CPC member, born in 1974, senior economist, graduated from Shanghai Jiaotong University, received a master's degree in Business Administration from CEIBS. At present, he is the chairman of the board of the Company, Secretary of the Party committee of Sanhua holding group, vice chairman and director of the board of Sanhua Holding Group Co., Ltd. He has successively won Zhejiang outstanding young private entrepreneurs, Zhejiang operation and management masters, Shaoxing labor model, Shaoxing top ten outstanding young people, Shaoxing mayor award, Changjiang River Delta top ten outstanding young businessmen, Fengyun Zhejiang businessmen, Zhejiang outstanding entrepreneurs, Zhejiang excellent entrepreneurs, glorious Zhejiang businessman, etc. Now he serves as a representative to the 14th National People's Congress, the 13th Executive Committee Member of the China Federation of Industry and Party Representative of the 15th Zhejiang Provincial Party Congress, Vice President of Zhejiang Chamber of Commerce and Chairman Supervisor of the Zhejiang Chamber of Commerce.</p> <p>Mr. Zhang Shaobo: Chinese nationality, born in 1979, master's degree, graduated from CEIBS. He serves as a director of the Company, director of Sanhua Holding Group Co., Ltd., chairman of the board of Zhejiang Sanhua Lvneng Industrial Group Co., Ltd., General Manager of Hangzhou Sanhua International Building Co., Ltd., and chairman of the board of Zhejiang Sanhua Zhiyuan Real Estate Co., Ltd.</p>		
Domestic and foreign listed companies controlled in the past 10 years	N/A		

Change of the actual controller during the reporting period

Applicable Not applicable

No such change during the reporting period.

The ownership and controlling relationship between the actual controller and the Company are detailed as follows:



The actual controller controls the Company via trust or other ways of asset management

Applicable Not applicable

4. The cumulative number of Pledged Shares of the Company's controlling shareholder or the largest shareholder and its concerted actors accounts for 80% of the Company's shares

Applicable Not applicable

5. Particulars about other corporate shareholders with shareholding proportion over 10%

Applicable Not applicable

Name of corporate shareholder	Legal representative	Date of incorporation	Registered capital	Main business
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	Zhang Shaobo	September 30, 2001	649 million yuan	Manufacturing and sales: air suspension assembly, general equipment, electromechanical equipment, technology development, technical service, technical consultation, achievement transfer: electromechanical technology,

				environmental protection technology, biotechnology (except for human stem cells, gene diagnosis and treatment technology development and application); electronic and electrical products, metal materials (excluding precious metals), chemical raw materials (except chemical dangerous goods and precursor chemicals) Wholesale, retail and import and export business of gold and silver jewelry, rubber, mineral products, machinery and equipment, instruments and accessories; services: enterprise management consulting, property management (operating by qualification certificate), self-owned house leasing, industrial investment management, consulting management (except for securities and goods, without approval of financial supervision departments, shall not engage in deposit, financing guarantee, agency for public financing Financial services such as customer finance), power supply, development and construction of distributed solar energy projects, and contract energy management. (Except for those involving the implementation of special management measures for access stipulated by the state). (In terms of projects subject to approval according to law, business activities can be carried out only after approval by relevant departments.)
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6. Particulars on shareholding decrease restrictions for the controlling shareholders, actual controller, restructurer or other committing parties

Applicable Not applicable

August 2022, the Company disclosed *Announcement on Sanhua Holdings, Sanhua Lvneng, and Mr. Zhang Yabo's Commitment not to Actively Reduce Their Holdings of the Company Stocks*. The controlling shareholder Sanhua Holdings, the shareholder Sanhua Lvneng, and the actual controller Mr. Zhang Yabo will not actively reduce their holdings of the Company's shares within 18 months from August 18, 2022.

IV. Information about the implementation of share repurchase during the reporting period

Information about the implementation of share repurchase

Applicable Not applicable

Scheme disclosure date	Number of shares to be repurchased	Proportion in total share capital	Proposed repurchase amount Unit: (RMB in 10 thousand)	Period to be repurchased	Repurchase purpose	Quantity repurchased (shares)	Proportion of repurchased shares in equity incentive plan shares (if any)
November 7, 2023	5,555,555-11,111,110	0.15%-0.30%	20,000-40,000	November 7, 2023 - November 6, 2024	For equity incentive plans or employee stock ownership plans	13,961,794	100.00%
December 31, 2024	8,333,333-16,666,666	0.22%-0.45%	30000-60000	December 31, 2024 - December 30, 2025	For equity incentive plans or employee stock ownership plans	0	100.00%

The progress on reduction of re-purchase shares by means of centralized bidding

Applicable Not applicable

Section VIII Information of Preferred Shares

Applicable Not applicable

No existing preferred shares for the Company during the current reporting period.

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Audit report

Type of audit opinion	Standard Unqualified opinion
Date of signing of audit report	March 25, 2025
Name of audit firm	Pan-China Certified Public Accountants LLP
Document number of audit report	PCCPAAR [2025] No. 888
Name of the certified accountants	Qian Zhongxian、Ouyang Xiaoyun、Zhou Heng

Auditor's Report

To the Shareholders of Zhejiang Sanhua Intelligent Controls Co., Ltd.:

1. Audit Opinion

We have audited the accompanying financial statements of Zhejiang Sanhua Intelligent Controls Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2024, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

2. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

(I) Revenue recognition

1. Matters description

Please refer to section III (24), V (2) 1 and XV of the notes to the financial statements for details.

The majority of the Company's revenue comes from controlling components and components for home appliances and automobiles. In 2024, the amount of operating income of the Company is RMB 27.9471645 billion. As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

(1) We understand and assess the design of internal controls over financial reporting related to revenue recognition and test the effectiveness of key control implementation;

(2) We examine the core terms of sales contracts to assess the appropriateness and consistent application of accounting policies related to revenue recognition;

(3) We perform analytical procedures to identify whether there are significant or unusual variations in revenues during the reporting period, question management to understand the reasons for such variations and assess the reasonableness;

(4) We implemented detail test and checked supporting documents related to revenue recognition by sampling method, including sales contracts, sales invoices, sales collection, delivery lists, shipping documents, client acceptance receipts, export declaration, lading bill, we obtained information from E-port and compared with accounting records of export revenue;

(5) We performed confirmation procedures on current sales amount by sampling method in combination with confirmation procedure of accounts receivable;

(6) We inquired the industrial and commercial registration information or public information of major customers to evaluate whether the business logic related to sales transactions is tenable;

(7) We implemented cut-off tests on the operating revenue recognized before and after the balance sheet date to evaluate whether the operating revenue is recognized in an appropriate period;

(II) Inventories valuation

1. Matters description

Please refer to section III (12) and V (1) 7 of the notes to the financial statements for details.

As of December 31, 2024, the book balance of the Company's inventories amounted to RMB 5.2804418 billion, the major components are metal materials such as copper and aluminum. The metal materials have high value and good liquidity, they are important controlled assets. Therefore, we have identified the existence, valuation, and transfer of inventory as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for inventories valuation are as follows:

(1) We understand and assess the design of internal controls over financial reporting related to inventory management, including the assessment of the provision for inventory write-downs, and test the effectiveness of the implementation of key controls;

(2) We implemented analysis procedures to identify significant or abnormal changes in inventory size and structure, and question management to understand the reasons for such variations and assess reasonableness;

(3) We implemented detail test and checked supporting documents related to material purchase by sampling method, including purchases contracts, input invoices, warehouse receipts, purchase payments, etc;

(4) We performed confirmation procedures on current purchases amount by sampling method in combination with confirmation procedure of accounts payable;

(5) We searched the market price trends of the main raw materials and compared them with the actual purchase prices to check for any abnormal situations;

(6) We understand production processes and costing methods, select samples, recalculate production costs and assess the consistency and reasonableness of management's approach to cost aggregation and allocation;

(7) We conducted sampling tests on the inventories valuation to check the pricing accuracy of the inventories issuance amount and the balance amount;

(8) We performed inventory monitoring, evaluated management's instructions and procedures for recording and controlling the results of inventory counts, observed the implementation of the counting procedures established by management, inspected the quantity and condition of inventory and performed spot-checks;

(9) We obtained management's calculation sheet for the provision for decline in value of inventories, checked the reasonableness of the method of recognising the net realisable value of inventories at the end of the period, measured the net realisable value of inventories at the end of the period and judged the accuracy of the amount of the provision for decline in value.

4. Other Information

The Company's management (the "Management") is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

are appropriate in the circumstances.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements. If the disclosure is insufficient, we should express a non unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP

Hangzhou · China

Chinese Certified Public Accountant: Qian Zhongxian
(Engagement Partner)

Chinese Certified Public Accountant: Ouyang Xiaoyun

Chinese Certified Public Accountant: Zhou Heng

Date of Report: March 25, 2025

II. Financial Statements

Units of financial reports in the notes: RMB

1.Consolidated Balance Sheet

Prepared by: Zhejiang Sanhua Intelligent Controls Co., Ltd.

December 31, 2024

Unit: RMB

Items	December 31,2024	January 1, 2024
Current asset:		
Cash and Bank Balances	5,248,567,646.21	6,584,684,683.93
Settlement funds		
Loans to other banks		
Held-for-trading financial assets		
Derivative financial assets	6,237,202.48	22,636,112.68
Notes receivable	2,677,270,284.96	2,476,839,413.89
Accounts receivable	6,951,066,861.07	5,773,991,481.22
Receivable financing		
Advances paid	158,980,448.21	133,792,623.54
Premium receivable		
Reinsurance accounts receivable		
Reinsurance reserves receivable		
Other receivables	258,058,796.63	227,792,892.12
Including: Interest receivable		
Dividends receivable		
Repurchasing of financial assets		
Inventories	5,280,441,824.48	4,600,729,378.19
Including: data resources		
Contract assets		
Assets held for sales		
Non-current assets due within one year		
Other current assets	1,720,539,931.75	251,073,584.56
Total current assets	22,301,162,995.79	20,071,540,170.13
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivable	3,912,822.74	3,805,833.60
Long-term equity investments	40,599,793.42	37,924,431.29
Other equity instrument investments		
Other non-current financial assets		
Investment property	7,053,153.92	8,165,805.31

Fixed assets	9,794,453,949.92	7,730,363,778.82
Construction in progress	2,171,985,301.79	2,036,326,757.72
Productive biological assets		
Oil & gas assets		
Right-of-use assets	336,584,880.00	313,254,745.53
Intangible assets	1,074,511,282.42	843,866,292.82
Including: data resources		
Development expenditures		
Goodwill		6,785,228.04
Long-term prepayments	200,664,440.75	118,096,436.09
Deferred tax assets	112,698,841.53	156,432,157.23
Other non-current assets	311,120,963.93	564,023,136.83
Total non-current assets	14,053,585,430.42	11,819,044,603.28
Total assets	36,354,748,426.21	31,890,584,773.41
Current liabilities:		
Short-term borrowings	1,553,345,651.16	1,212,150,378.85
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		3,500,000.00
Derivative financial liabilities	79,678,118.93	10,719,110.02
Notes payable	3,791,834,944.38	3,416,711,594.64
Accounts payable	5,985,427,008.79	4,449,940,359.81
Advances received		
Contract liabilities	49,461,722.83	51,788,802.03
Selling of repurchased financial assets		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	726,001,478.89	598,801,246.34
Taxes and rates payable	309,874,433.92	382,396,791.19
Other payables	545,412,160.30	250,642,662.86
Including: Interest Payable	1,894,919.92	
Dividends Payable	2,528,280.00	
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	590,993,952.12	1,440,093,253.93
Other current liabilities	1,274,402.83	2,099,986.27
Total current liabilities	13,633,303,874.15	11,818,844,185.94
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	2,045,772,594.73	1,030,801,111.13
Bonds payable		
Including: Preferred shares		

Perpetual bonds		
Lease liabilities	237,913,009.51	221,295,481.86
Long-term payables		11,290,788.32
Long-term employee benefits payable	33,943,063.56	39,840,362.77
Provisions		
Deferred income	607,754,278.80	379,140,042.48
Deferred tax liabilities	258,263,974.78	307,511,069.30
Other non-current liabilities	18,154,107.25	18,154,107.25
Total non-current liabilities	3,201,801,028.63	2,008,032,963.11
Total liabilities	16,835,104,902.78	13,826,877,149.05
Equity:		
Share capital	3,732,389,535.00	3,732,615,535.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,271,313,277.48	3,455,643,565.98
Less: Treasury shares	381,847,576.78	423,468,591.57
Other comprehensive income	-138,362,653.48	114,757,064.28
Special reserve		
Surplus reserve	1,163,964,885.09	1,011,914,243.67
General risk reserve		
Undistributed profit	11,650,311,639.17	10,002,942,167.43
Total equity attributable to the parent Company	19,297,769,106.48	17,894,403,984.79
Non-controlling interest	221,874,416.95	169,303,639.57
Total equity	19,519,643,523.43	18,063,707,624.36
Total liabilities & equity	36,354,748,426.21	31,890,584,773.41

Legal representative : Zhang Yabo Officer in charge of accounting : Yu Yingkui Head of accounting department: Li Zhimi

2. Parent Company Balance Sheet

Unit: RMB

Items	December 31,2024	January 1, 2024
Current assets:		
Cash and bank balances	1,281,822,278.41	3,755,111,885.56
Held-for-trading financial assets		
Derivative financial assets	6,237,202.48	1,463,100.00
Notes receivable	104,502,053.60	1,293,651,597.02
Accounts receivable	1,080,382,526.59	703,445,875.41
Receivables financing		
Advances paid	8,132,127.70	7,501,313.44
Other receivables	543,161,883.89	2,269,591,236.02
Including: Interest Receivable		
Dividends Receivable	16,559,297.60	550,000,000.00
Inventories	1,109,270,311.12	772,429,361.79
Including: data resources		
Contract assets		
Assets classified as held for		

sale		
Non-current assets due within one year		
Other current assets	1,318,633,228.26	
Total current assets	5,452,141,612.05	8,803,194,369.24
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable	665,000.00	500,000.00
Long-term equity investments	9,156,037,051.42	8,880,133,268.57
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	1,697,518,019.23	1,623,330,889.08
Construction in progress	54,990,106.41	53,871,265.08
Productive biological assets		
Oil & gas assets		
Right-of-use assets	4,919,723.92	9,370,623.95
Intangible assets	146,685,225.25	142,130,830.79
Including: data resources		
Development expenditures		
Including: data resources		
Goodwill		
Long-term prepayments	16,084,833.04	15,876,569.88
Deferred tax assets		5,587,256.35
Other non-current assets	65,584,943.61	99,458,254.31
Total non-current assets	11,142,484,902.88	10,830,258,958.01
Total assets	16,594,626,514.93	19,633,453,327.25
Current liabilities:		
Short-term borrowings	632,253,710.78	202,384,500.02
Held-for-trading financial liabilities		
Derivative financial liabilities	446,250.00	
Notes payable	560,444,773.77	559,657,858.19
Accounts payable	1,208,365,209.93	1,465,144,230.80
Advances received		
Contract liabilities	223,624.17	121,488.76
Employee benefits payable	164,621,089.24	127,817,926.77
Taxes and rates payable	19,981,753.25	112,191,203.17
Other payables	966,447,508.28	4,315,100,068.76
Including: interest payable		
Dividends Payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	502,033,323.64	1,373,267,226.41
Other current liabilities		
Total current liabilities	4,054,817,243.06	8,155,684,502.88
Non-current liabilities:		
Long-term borrowings	2,045,772,594.73	1,030,801,111.13
Bonds payable		

Including: Preferred shares		
Perpetual bonds		
Lease liabilities	1,718,851.19	5,571,522.93
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	56,310,135.06	47,332,045.49
Deferred tax liabilities	40,767,922.43	81,604,566.52
Other non-current liabilities		
Total non-current liabilities	2,144,569,503.41	1,165,309,246.07
Total liabilities	6,199,386,746.47	9,320,993,748.95
Equity:		
Share capital	3,732,389,535.00	3,732,615,535.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	4,171,900,229.57	4,351,276,453.48
Less: treasury shares	381,847,576.78	423,468,591.57
Other comprehensive income		
Special reserve		
Surplus reserve	1,035,872,712.77	883,822,071.35
Undistributed profit	1,836,924,867.90	1,768,214,110.04
Total equity	10,395,239,768.46	10,312,459,578.30
Total liabilities & equity	16,594,626,514.93	19,633,453,327.25

3. Consolidated Income Statement

Unit: RMB

Items	Year 2024	Year 2023
I. Total operating revenue	27,947,164,515.93	24,557,802,066.59
Including: Operating revenue	27,947,164,515.93	24,557,802,066.59
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	24,243,018,159.23	21,011,657,641.34
Including: Operating cost	20,269,833,554.48	17,773,858,964.12
Interest expenses		
Handling charges and commission expenditures		
Surrender value		
Net payment of insurance claims		
Net provision of insurance policy reserve		
Premium bonus expenditures		
Reinsurance expenses		
Taxes and surcharges	171,276,648.16	139,816,022.50
Selling expenses	726,437,231.46	597,565,638.25
Administrative expenses	1,767,454,322.16	1,476,334,172.35
R&D expenses	1,351,798,786.50	1,096,834,224.41

Financial expenses	-43,782,383.53	-72,751,380.29
Including: Interest expenses	161,564,080.95	212,081,658.78
Interest income	130,315,478.18	159,145,071.07
Add: Other income	229,205,925.38	188,255,263.06
Investment income (or less: losses)	-16,279,865.95	-131,453,928.62
Including: Investment income from associates and joint ventures	8,925,362.13	7,986,227.16
Gains from derecognition of financial assets at amortized cost		-5,619,589.87
Gains on foreign exchange (or less: losses)		
Gains on net exposure to hedging risk (or less: losses)		
Gains on changes in fair value (or less: losses)	-90,733,609.50	48,123,522.34
Credit impairment loss (or less: losses)	-56,378,564.98	-51,477,741.58
Assets impairment loss (or less: losses)	-62,921,312.20	-55,376,891.25
Gains on asset disposal (or less: losses)	3,016,317.77	8,741,208.41
III. Operating profit (or less: losses)	3,710,055,247.22	3,552,955,857.61
Add: Non-operating revenue	9,648,962.88	14,932,933.39
Less: Non-operating expenditures	28,017,800.98	14,625,298.02
IV. Profit before tax (or less: total loss)	3,691,686,409.12	3,553,263,492.98
Less: Income tax expense	579,960,606.78	619,548,753.99
V. Net profit (or less: net loss)	3,111,725,802.34	2,933,714,738.99
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	3,111,725,802.34	2,933,714,738.99
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent Company (or less: net loss)	3,099,165,128.06	2,920,992,940.01
2. Net profit attributable to non-controlling shareholders (or less: net loss)	12,560,674.28	12,721,798.98
VI. Other comprehensive income after tax	-253,119,717.76	123,300,112.61
Items attributable to the owners of the parent Company	-253,119,717.76	123,300,112.61
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		

2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	-253,119,717.76	123,300,112.61
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	-253,119,717.76	123,300,112.61
7. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	2,858,606,084.58	3,057,014,851.60
Items attributable to the owners of the parent Company	2,846,045,410.30	3,044,293,052.62
Items attributable to non-controlling shareholders	12,560,674.28	12,721,798.98
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	0.84	0.81
(II) Diluted EPS (yuan per share)	0.84	0.81

In the case of a business combination under the same control in the current period, the net profit realised by the party to be combined before the combination was: 0.00, and the net profit realised by the party to be combined in the previous period was: 0.00.

Legal representative : Zhang Yabo Officer in charge of accounting : Yu Yingkui Head of accounting department: Li Zhimi

4. Income Statement of the Parent Company

Unit: RMB

Items	Year 2024	Year 2023
I. Operating revenue	6,590,535,731.34	6,035,624,442.65
Less: Operating cost	5,161,837,637.19	4,651,458,852.44
Taxes and surcharges	35,607,263.11	37,243,922.63
Selling expenses	58,222,787.21	36,875,004.17
Administrative expenses	360,252,325.38	298,794,306.84
R&D expenses	273,559,135.05	246,667,877.34
Financial expenses	17,252,826.25	45,466,484.33
Including: Interest expenses	82,768,255.52	156,056,944.56

Interest income	67,532,514.63	111,419,579.71
Add: Other income	29,370,049.61	29,311,262.35
Investment income (or less: losses)	1,049,000,511.55	855,697,868.30
Including: Investment income from associates and joint ventures	7,562,029.89	6,857,976.74
Gains from derecognition of financial assets at amortized cost (or less: losses)		
Gains on net exposure to hedging (or less: losses)		
Gains on changes in fair value (or less: losses)	-722,147.52	-2,305,364.33
Credit impairment loss (or less: losses)	-27,079,363.56	-10,404,792.17
Assets impairment loss (or less: losses)	-153,699,230.52	-58,872.39
Gains on asset disposal (or less: losses)	334,426.86	780,544.45
II. Operating profit (or less: losses)	1,581,008,003.57	1,592,138,641.11
Add: Non-operating revenue	1,356,138.17	1,573,287.56
Less: Non-operating expenditures	6,955,538.17	2,946,675.16
III. Profit before tax (or less: total loss)	1,575,408,603.57	1,590,765,253.51
Less: Income tax expense	54,902,189.39	106,853,406.95
IV. Net profit (or less: net loss)	1,520,506,414.18	1,483,911,846.56
(I) Net profit from continuing operations (or less: net loss)	1,520,506,414.18	1,483,911,846.56
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
(I) Not to be reclassified subsequently to profit or loss		
1.Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss		
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of		

other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve (profit or loss on cash flow hedging)		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	1,520,506,414.18	1,483,911,846.56
VII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)		
(II) Diluted EPS (yuan per share)		

5. Consolidated Cash Flow Statement

Unit: RMB

Items	Year 2024	Year 2023
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	28,102,746,002.07	24,566,452,573.26
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund	502,177,487.14	484,789,623.62
Other cash receipts related to operating activities	582,900,691.72	339,834,145.05
Subtotal of cash inflows from operating activities	29,187,824,180.93	25,391,076,341.93
Cash payments for goods purchased and services received	18,892,533,307.65	16,770,167,910.97
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		

Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	4,119,702,971.29	3,528,344,941.32
Cash payments for taxes and rates	1,057,640,501.87	717,979,563.06
Other cash payments related to operating activities	751,316,451.76	650,619,571.95
Subtotal of cash outflows from operating activities	24,821,193,232.57	21,667,111,987.30
Net cash flows from operating activities	4,366,630,948.36	3,723,964,354.63
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	13,272,483.08	2,671,131.50
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	109,300,264.22	591,067,618.05
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	3,914,970,182.10	1,101,747,550.91
Subtotal of cash inflows from investing activities	4,037,542,929.40	1,695,486,300.46
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	3,290,148,187.49	2,745,462,227.77
Cash payments for investments	3,500,000.00	3,500,000.00
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units	6,881,953.25	
Other cash payments related to investing activities	4,248,549,873.64	155,803,826.18
Subtotal of cash outflows from investing activities	7,549,080,014.38	2,904,766,053.95
Net cash flows from investing activities	-3,511,537,084.98	-1,209,279,753.49
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	337,374,745.03	7,090,938.20
Including: Cash received by subsidiaries from non-controlling shareholders as investments	44,682,245.03	7,090,938.20
Cash receipts from borrowings	2,368,662,378.85	1,567,786,939.45
Other cash receipts related to financing activities	62,339,375.64	31,874,512.08

Subtotal of cash inflows from financing activities	2,768,376,499.52	1,606,752,389.73
Cash payments for the repayment of borrowings	1,852,948,800.00	1,308,452,644.96
Cash payments for distribution of dividends or profits and for interest expenses	1,444,616,011.10	1,066,830,039.62
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	13,000,000.00	25,692,386.09
Other cash payments related to financing activities	426,111,230.39	323,319,993.66
Subtotal of cash outflows from financing activities	3,723,676,041.49	2,698,602,678.24
Net cash flows from financing activities	-955,299,541.97	-1,091,850,288.51
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-81,247,330.35	151,792,584.44
V. Net increase in cash and cash equivalents	-181,453,008.94	1,574,626,897.07
Add: Opening balance of cash and cash equivalents	3,624,955,498.84	2,050,328,601.77
VI. Closing balance of cash and cash equivalents	3,443,502,489.90	3,624,955,498.84

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	Year 2024	Year 2023
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	6,923,046,726.29	5,249,148,595.56
Receipts of tax refund	85,847,294.72	97,118,035.37
Other cash receipts related to operating activities	64,162,955.90	93,644,650.81
Subtotal of cash inflows from operating activities	7,073,056,976.91	5,439,911,281.74
Cash payments for goods purchased and services received	5,015,189,649.44	3,843,328,325.84
Cash paid to and on behalf of employees	668,247,457.78	555,364,759.84
Cash payments for taxes and rates	221,432,990.78	131,083,648.39
Other cash payments related to operating activities	132,370,987.20	107,109,355.87
Subtotal of cash outflows from operating activities	6,037,241,085.20	4,636,886,089.94
Net cash flows from operating activities	1,035,815,891.71	803,025,191.80
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	1,572,716,699.35	296,264,902.08
Net cash receipts from the disposal	5,141,819.84	100,682,940.02

of fixed assets, intangible assets and other long-term assets		
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	3,006,559,541.99	907,825,506.19
Subtotal of cash inflows from investing activities	4,584,418,061.18	1,304,773,348.29
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	275,180,043.01	298,167,575.30
Cash payments for investments	1,329,444,721.10	249,714,910.39
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	2,155,706,864.14	1,436,710,655.47
Subtotal of cash outflows from investing activities	3,760,331,628.25	1,984,593,141.16
Net cash flows from investing activities	824,086,432.93	-679,819,792.87
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	292,692,500.00	
Cash receipts from borrowings	2,080,000,000.00	800,000,000.00
Other cash receipts related to financing activities	552,544,536.00	2,237,929,883.41
Subtotal of cash inflows from financing activities	2,925,237,036.00	3,037,929,883.41
Cash payments for the repayment of borrowings	1,506,000,000.00	540,733,987.38
Cash payments for distribution of dividends or profits and for interest expenses	1,384,521,151.06	979,392,786.32
Other cash payments related to financing activities	3,483,297,215.06	844,479,220.53
Subtotal of cash outflows from financing activities	6,373,818,366.12	2,364,605,994.23
Net cash flows from financing activities	-3,448,581,330.12	673,323,889.18
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-1,588,679,005.48	796,529,288.11
Add: Opening balance of cash and cash equivalents	1,793,207,457.49	996,678,169.38
VI. Closing balance of cash and cash equivalents	204,528,452.01	1,793,207,457.49

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Items	Year 2024														
	Equity Attributable to parent Company												Non-controlling interest	Total equity	
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	3,732,615,535.00				3,455,643,565.98	423,468,591.57	114,757,064.28		1,011,914,243.67		10,002,942,167.43		17,894,403,984.79	169,303,639.57	18,063,707,624.36
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Others															
II. Balance at the beginning of current year	3,732,615,535.00				3,455,643,565.98	423,468,591.57	114,757,064.28		1,011,914,243.67		10,002,942,167.43		17,894,403,984.79	169,303,639.57	18,063,707,624.36
III. Current period increase (or less: decrease)	226,000.00				184,330,288.50	41,621,014.79	253,119,717.76		152,050,641.42		1,647,369,471.74		1,403,365,121.69	52,570,777.38	1,455,935,899.07
(I) Total comprehensive income							253,119,717.76				3,099,165,128.06		2,846,045,410.30	12,560,674.28	2,858,606,084.58
(II) Capital contributed or withdrawn by owners	226,000.00				179,628,225.23	41,621,014.79							138,233,210.44	50,836,319.83	-87,396,890.61
1. Ordinary					-	-								50,836,31	50,836,319.83

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shares contributed by owners					284,970,400.00	284,970,400.00							9.83	
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in equity					109,070,573.06							109,070,573.06		109,070,573.06
4. Others	226,000.00				3,728,398.29	243,349,385.21						247,303,783.50		247,303,783.50
(III) Profit distribution								152,050,641.42		1,451,795,656.32		1,299,745,014.90	15,528,280.00	1,315,273,294.90
1. Appropriation of surplus reserve								152,050,641.42		152,050,641.42				
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners										1,299,745,014.90		1,299,745,014.90	15,528,280.00	1,315,273,294.90
4. Others														
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital														

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2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others					4,702,063.27							4,702,063.27	4,702,063.27		
IV. Balance at the end of current period	3,732,389,535.00				3,271,313,277.48	381,847,576.78	138,362,653.48		1,163,964,885.09		11,650,311,639.17		19,297,769,106.48	221,874,416.95	19,519,643,523.43

Amount of Previous Period

Unit: RMB

Items	Year 2023														
	Equity Attributable to parent Company													Non-controlling interest	Total equity
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of prior year	3,590,869,465.00			409,544,970.41	282,602,695.98	330,022,975.53	-8,543,048.33		863,523,059.01		8,133,336,242.88		12,941,310,409.42	177,989,781.40	13,119,300,190.82
Add: Cumulative changes of accounting policies															
Error correction of prior period															
Others															
II. Balance at the beginning of current year	3,590,869,465.00			409,544,970.41	282,602,695.98	330,022,975.53	-8,543,048.33		863,523,059.01		8,133,336,242.88		12,941,310,409.42	177,989,781.40	13,119,300,190.82
III. Current period increase (or less: decrease)	141,746,070.00			-409,544,970.41	3,173,040,870.00	93,445,616.04	123,300,112.61		148,391,184.66		1,869,605,924.55		4,953,093,575.37	-8,686,141.83	4,944,407,433.54
(I) Total comprehensive income							123,300,112.61				2,920,992,940.01		3,044,293,052.62	12,721,798.98	3,057,014,851.60
(II) Capital contributed or withdrawn by owners	141,746,070.00			-409,544,970.41	3,173,040,870.00	93,445,616.04							2,811,796,353.55	4,284,445.28	2,816,080,798.83
1. Ordinary														7,090,938	7,090,938.2

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shares contributed by owners															.20	0
2. Capital contributed by holders of other equity instruments	141,926,470.00			-409,544,970.41	3,104,716,711.55								2,837,098,211.14			2,837,098,211.14
3. Amount of share-based payment included in equity					69,716,518.45								69,716,518.45			69,716,518.45
4. Others	-180,400.00				-1,392,360.00	93,445,616.04							-95,018,376.04	-2,806,492.92		-97,824,868.96
(III) Profit distribution								148,391,184.66		-1,051,387,015.46			-902,995,830.80	-25,692,386.09		-928,688,216.89
1. Appropriation of surplus reserve								148,391,184.66		-148,391,184.66						
2. Appropriation of general risk reserve																
3. Appropriation of profit to owners										-902,995,830.80			-902,995,830.80	-25,692,386.09		-928,688,216.89
4. Others																
(IV) Internal carry-over within equity																
1. Transfer of capital reserve																

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to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Changes in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others															
IV. Balance at the end of current period	3,732,615.535.00			0.00	3,455,643,565.98	423,468,591.57	114,757,064.28		1,011,914,243.67		10,002,942,167.43		17,894,403,984.79	169,303,639.57	18,063,707,624.36

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of this period

Unit: RMB

Items	Year 2024											
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	3,732,615,535.00				4,351,276,453.48	423,468,591.57			883,822,071.35	1,768,214,110.04		10,312,459,578.30
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	3,732,615,535.00				4,351,276,453.48	423,468,591.57			883,822,071.35	1,768,214,110.04		10,312,459,578.30
III. Current period increase (or less: decrease)	226,000.00				179,376,223.91	41,621,014.79			152,050,641.42	68,710,757.86		82,780,190.16
(I) Total comprehensive income										1,520,506,414.18		1,520,506,414.18
(II) Capital contributed or withdrawn by owners	226,000.00				179,376,223.91	41,621,014.79						137,981,209.12
1. Ordinary shares					284,970,400.00	284,970,400.00						

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contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity					109,070,573.06							109,070,573.06
4. Others	226,000.00				-3,476,396.97	243,349,385.21						-247,051,782.18
(III) Profit distribution								152,050,641.42	-1,451,795,656.32			-1,299,745,014.90
1. Appropriation of surplus reserve								152,050,641.42	-152,050,641.42			
2. Appropriation of profit to owners									-1,299,745,014.90			-1,299,745,014.90
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover												

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losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Balance at the end of current period	3,732,389,535.00				4,171,900,229.57	381,847,576.78			1,035,872,712.77	1,836,924,867.90		10,395,239,768.46

Amount of Previous Period

Unit: RMB

Items	Year 2023											
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferr ed shares	Perpet ual bonds	Others								
I. Balance at the end of prior year	3,590,869,465.00			409,544,970.41	1,180,826,355.13	330,022,975.53			735,430,886.69	1,335,689,278.94		6,922,337,980.64
Add: Cumulative												

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changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	3,590,869,465.00			409,544,970.41	1,180,826,355.13	330,022,975.53			735,430,886.69	1,335,689,278.94		6,922,337,980.64
III. Current period increase (or less: decrease)	141,746,070.00			-409,544,970.41	3,170,450,098.35	93,445,616.04			148,391,184.66	432,524,831.10		3,390,121,597.66
(I) Total comprehensive income										1,483,911,846.56		1,483,911,846.56
(II) Capital contributed or withdrawn by owners	141,746,070.00			-409,544,970.41	3,170,450,098.35	93,445,616.04						2,809,205,581.90
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments	141,926,470.00			-409,544,970.41	3,104,716,711.55							2,837,098,211.14
3. Amount of share-based payment included in equity					67,125,746.80							67,125,746.80
4. Others	-180,400.00				-1,392,360.00	93,445,616.04						-95,018,376.04

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(III) Profit distribution									148,391,184.66	-		-
										1,051,387,015.46		902,995,830.80
1. Appropriation of surplus reserve									148,391,184.66	-		
										148,391,184.66		
2. Appropriation of profit to owners										-		
										902,995,830.80		902,995,830.80
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
4. Changes in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												

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(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Balance at the end of current period	3,732,615,535.00				4,351,276,453.48	423,468,591.57			883,822,071.35	1,768,214,110.04		10,312,459,578.30

III. Company profile

The Company was established by the original Sanhua Fuji Koki Co., Ltd. The Company currently holds a business license with a unified social credit code of 913300006096907427 registered and issued by Zhejiang Administration of Industry and Commerce, with headquarter in Shaoxing City, Zhejiang Province. The registered capital of 3,732,389,535.00 yuan, total share of 3,732,389,535 shares (each with par value of one yuan). The Company's shares were listed at Shenzhen Stock Exchange.

The Company operates in the machinery manufacturing industry, main business activities include research and development, production and sales of refrigeration and air-conditioning appliances and automotive components.

The financial statements were approved by the thirty-first meeting of the seventh Board of Directors of the Company on 25 March 2025 for external reporting.

IV. Preparation basis of the financial statements

1. Preparation basis

The financial statements have been prepared on the basis of going concern.

2. Going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

V. Significant accounting policies and estimates

Tips on specific accounting policies and accounting estimates:

Important Tip: the Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, revenue recognition, share-based payment, etc., based on the Company's actual production and operation features.

1. Statement of compliance with China Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

2. Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

3. Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

4. Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) Yuan, while the functional currency of subsidiaries engaged in overseas operations including SANHUA AWECO Appliance Systems GmbH、Sanhua International Inc etc. is the currency of the primary economic environment in which they operate.

5. Determination method and basis for selection of materiality

Applicable Not Applicable

Disclosed items involving materiality judgements	Materiality criteria
Significant accounts receivable with provision for bad debts made on an individual basis	Individual accruals accounting for more than 5% of the total bad debt provision for all types of accounts receivable and amounting to more than 30 million yuan are considered significant.
Significant other receivables with provision for bad debts made on an individual basis	Individual accruals accounting for 5% or more of the total bad debt provision for each category of other receivables and amounting to more than 20 million yuan are considered significant.
Significant construction in progress	The budget for a single project is more than 500 million yuan.
Significant cash flows from investing activities	A single investing activity that accounts for more than 5% of the total cash inflows or outflows related to the receipt or disbursement of cash related to investing activities and is greater than 50 million yuan is considered to be significant.
Significant subsidiaries, not wholly-owned subsidiaries	Subsidiaries with total assets/total revenue/profit before tax in excess of 15% of the group's total assets/total revenue/profit before tax are identified as significant subsidiaries/significant not wholly-owned subsidiaries.
Significant joint ventures, associates and joint operations	Joint ventures or associates with total assets exceeding 1 billion yuan are considered significant.
Significant commitments	Project matters in which the Company is involved in fundraising are considered significant.
Significant events subsequent to the balance sheet date	Distribution of profit after the balance sheet date, significant financing, etc.

6. Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value share of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; If the combination cost is less than the fair value share of identifiable net assets obtained from the acquiree, the fair value of the identifiable assets, liabilities, and contingent liabilities obtained from the acquiree, as well as the measurement of the combination cost, need to be reviewed at first. After review, if the combination cost is still less than the fair value share of the identifiable net assets obtained from the acquiree, the difference is recognized in profit or loss.

7. Judgement criteria for control and compilation method of consolidated financial statements

1. Judgement of control

Having the power over the invested party, enjoying variable returns through participating in related activities of the invested party, and having the ability to use the power over the invested party to influence its variable return amount, is recognized as control.

2. Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to “CASBE 33 – Consolidated Financial Statements”, based on relevant information and the financial statements of the parent company and its subsidiaries.

8. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

9. Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate or the approximate exchange rate similar to the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated at the approximate exchange rate similar to the systematically and rationally determined spot exchange rate at the transaction date. The difference arising from foreign currency translation is included in other comprehensive income.

10. Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

(1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company measures the transaction price in accordance with “CASBE 14 – Revenues”.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized costs

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment losses or gains, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company’s own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company’s own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or

when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with “CASBE 23 – Transfer of Financial Assets”.

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with “CASBE 14 – Revenues”.

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

a. the contractual rights to the cash flows from the financial assets expire;

b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive

income).

4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

5. Impairment of financial instruments

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in "CASBE 14 – Revenues", the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

11. Recognition criteria and accrual method for expected credit losses of receivables

1. Receivables with expected credit losses measured on a collective basis using similar credit risk features

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Notes receivable-Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Notes receivable -Trade acceptance receivable		
Notes receivable -finance company		
Accounts receivable – Portfolio grouped with aging	Credit risk characteristics such as account aging and customer segment dimensions	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of accounts receivable ages and lifetime expected credit loss rate , so as to calculate expected credit loss.
Other receivable – Portfolio grouped with aging	Aging	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of other receivable ages and lifetime expected credit loss rate , so as to calculate expected credit loss.

2. Accounts receivable – comparison table of aging and lifetime expected credit loss rate of portfolio grouped with aging.

Aging	Expected credit loss rate (%)
Within 1 year	5%
1-2 years	10%
2-3 years	30%

Aging	Expected credit loss rate (%)
Over 3 years	50%

Aging of accounts receivable/other receivables/... are calculated from the month when such receivables are accrued.

3. Recognition criteria for receivables and contract assets with expected credit losses measured on an individual basis

For receivables and contract assets whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

12. Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials or supplies etc., to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatching inventories

Inventories dispatched from storage are accounted for with weighted average method or specific identification method at the end of each month.

3. Inventory system

The perpetual inventory system is adopted.

4. Amortization method of low-value consumables and packages

Low-value consumables and packages are amortized with one-off method at the time of purchase or receipt.

5. Provisions for inventory write-down

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value.

13. Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

(3) Long-term equity investments obtained through ways other than business combination, the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid.

3. Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments of associated enterprises and cooperative enterprises, it is accounted for with equity method.

14. Investment property

1. Investment property includes leased buildings, etc.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

15. Fixed assets

(1) Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

(2) Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	30	0	3.33
Machinery and equipment	Straight-line method	5-10	0-5	9.50~19.00
Vehicle	Straight-line method	10	5	9.5
Office equipment and others	Straight-line method	5	0	20.00

16. Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Standards and time point of transferring construction in progress to fixed assets
Machinery	After installation and commissioning, it meets the standard of production
Houses and buildings	After installation and commissioning, the construction is completed and accepted to meet the commissioning standards

17. Borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

18. Intangible assets

1. Intangible assets include land use right, land ownership, application software and intellectual property etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details .as follows:

Items	Useful life and determination basis	Amortization method
Land use rights	fifty years, Contractual service life	Straight-line method
Application software	1-4, Useful life	Straight-line method
Intellectual property	5-10, Useful life	Straight-line method

Intangible assets with indefinite useful life are not amortized, but their useful life is reviewed annually. The indefinite land ownership held by overseas subsidiaries abroad is not amortized due to uncertain service life.

3. Collection of R&D costs

The collection of R&D costs is directly related to the R&D activities of enterprises, including R&D personnel salaries, R&D materials, depreciation and amortization expenses, technical cooperation fees, evaluation and testing fees, etc.

4. The costs incurred during the research phase of internal R&D projects are recognized in the current period's profit and loss when incurred. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can meet relevant conditions.

19. Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

20. Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

21. Employee benefits

1. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

2. Post-employment benefits

Post-employment benefits are divided into defined contribution and defined benefit plans.

(1) During the accounting period employees provide services, according the defined contribution plan, the amount payable is recognized as liabilities and included in the current profits and losses or relevant asset costs.

(2) The accounting treatment of a defined benefit plan typically includes the following steps:

1) Measure the obligation arising from the defined benefit plan and determine the period over which the obligation falls, based on the projected unit credit method, using unbiased and consistent actuarial assumptions to estimate, among other things, the relevant demographic and financial variables. At the same time, the obligations arising from the defined-benefit plans are discounted to determine the present value of the defined-benefit plan obligations and the current service cost;

2) Where there are assets in a defined benefit plan, the deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognised as a net defined benefit plan liability or net asset. Where a defined benefit plan has a surplus, the net defined benefit plan asset is measured at the lower of the surplus of the defined benefit plan or the asset limit;

3) At the end of the period, employee compensation costs arising from defined benefit plans are recognised as service costs, net interest on net liabilities or net assets of the defined benefit plans and changes arising from the remeasurement of net liabilities or net assets of the defined benefit plans, with the service costs and net interest on net liabilities or net assets of the defined benefit plans being recognised in profit or loss or in the cost of the relevant assets for the period, and changes arising from the remeasurement of net liabilities or changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income and are not allowed to be reversed to profit or loss in subsequent accounting periods, but these amounts recognised in other comprehensive income can be transferred within equity.

3. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

4. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. To simplify relevant accounting treatments, the total net amount of recognized employee compensation costs as service costs, net interest on other long-term employee benefits net liabilities or net assets, and changes resulting from remeasuring other long-term employee benefits net liabilities or net assets shall be recognized in the current period's profit and loss or related asset costs

22. Projected liability

1. When an obligation arising from contingencies such as litigation matters, product quality assurance, loss contracts, etc. becomes a present obligation of the company, it is probable that the fulfilment of the obligation will result in an outflow of economic benefits to the company and the amount of the obligation can be measured reliably, the company recognises the obligation as a projected liability.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

23. Share-based payment

1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment for settlements, modifications and cancellations of share-based payment terms and conditions

(1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of goods or services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment terms and conditions

If the modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, measured at the date of the modification, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the

vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, measured immediately before and after the modification, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

24. Revenue

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; (2) the customer can control goods or services as they are created by the Company's performance; (3) the Company's performance does not create goods or services with an alternative uses and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress.

For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indicators: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other indicators showing the customer has obtained control over the goods.

2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties

and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. Revenue recognition method

The company's main business activities are the R&D, production and sales of control components and parts of household appliances and automobiles, which belong to the performance obligations at a certain point in time.

The revenue from domestic sales of products shall be recognized based on sales contracts, settlement vouchers (delivery or usage), and other documents upon completion of product delivery; and the revenue from export of products shall be recognized according to the sales contract, customs declaration form, bill of lading, and other documents upon completion of customs declaration and export. The sales revenue of metal scrap is recognized after weighing and picking up the goods and obtaining the receipt certificate.

25. Costs of obtaining a contract and costs to fulfill a contract

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future;

3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs

expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

26. Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

27. Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value can't be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company construct or otherwise acquire long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets or recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount is directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the year in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred and thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses of the Company are recognized as deferred income and are included in profit or loss or offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or directly offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included

into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

28. Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or related to the same tax administration department for different taxpayers. However, in each period during which significant deferred income tax assets and deferred income tax liabilities are reversed in the future, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or simultaneously acquire assets and settle debts.

29. Leases

1. The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or

loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

(1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, the present value of the lease payments is calculated using the interest rate embedded in the lease as the discount rate or, if the interest rate embedded in the lease cannot be determined, the interest rate on the Company's incremental borrowings is used as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized financing expenses, which are recognized as interest expenses over the lease term at the discount rate used to determine the present value of the lease payments and included in the current period's profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date of the lease term, when there is a change in the substantive fixed payment amount, a change in the estimated payable amount of the residual value of the guarantee, a change in the index or ratio used to determine the lease payment amount, a change in the appraisal result of the option to purchase, the option to renew the lease or the option to terminate or a change in the actual situation of exercising the right to purchase, the company will re-measure the lease liability based on the present value of the lease payments after the change and adjust the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount will be recognised in profit or loss for the current period.

2. The Company as lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all

the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

For operating lease, lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

30. Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

31. Significant accounting policies and changes in accounting estimates

(1) Changes in accounting policies arising from changes in CASBEs

1) Effective from 1 January 2024, the Company implemented the provisions of the 'Interpretation of China Accounting Standards for Business Enterprises No. 17' issued by the Ministry of Finance, 'Classification of Current Liabilities and Non-current Liabilities', and made adjustments to the information of comparable periods. The change in accounting policy had no impact on the Company's financial statements.

2) Effective from 1 January 2024, the Company implemented the provisions of the 'Interpretation of China Accounting Standards for Business Enterprises No. 17' 'Disclosures about Vendor Financing Arrangements' issued by the Ministry of Finance.

3) Effective from 1 January 2024, the Company has implemented the provisions of 'Interpretation of China Accounting Standards for Business Enterprises No. 17' 'Accounting for Sale and Leaseback Transactions' issued by the Ministry of Finance. This change in accounting policy has no impact on the Company's financial statements.

4) Effective from 1 January 2024, the Company implemented the provisions of 'Interpretation of China Accounting Standards for Business Enterprises No. 18' 'Accounting for Guarantees that are not Individual Performance Obligations' issued by the Ministry of Finance, and retrospectively adjusted the information for comparable periods. The details of the adjustments are as follows:

Significantly affected statement items	FY2023 Impact Amount	
	Consolidated Income Statement	Income Statement of the Parent Company
Consolidated Income Statement Items for FY 2023		
Operating Cost	+65,738,686.79	+7,001,846.35
Selling Expense	-65,738,686.79	-7,001,846.35

VI. Taxes

1. Major categories of taxes and tax rates

Tax Type	Taxation basis	Tax rate
Value-added tax (VAT)	Calculate output tax on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the Tax Law, and after deducting the input tax allowable for deduction in the current period, the difference will be the VAT payable	13%, 9%, 6%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Enterprise income tax	Taxable income	15%, 25%
Property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income	12%, 1.2%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Zhejiang Sanhua Intelligent Controls Co., Ltd	15%
Zhejiang Sanhua Commercial Refrigeration Co. Ltd	15%
Sanhua (hangzhou) Micro Channel Heat Exchanger Co., Ltd	15%
Zhejiang Sanhua Automotive Components Co., Ltd.	15%
Shaoxing Sanhua New Energy Automotive Components Co., Ltd	15%
Shaoxing Sanhua Automotive Thermal Management Technology Co., Ltd	15%
Certain other subsidiaries	15%
Domestic taxpayers other than the above-mentioned	25%

2. Tax preferential policies

The company and several subsidiaries can enjoy tax incentives for high-tech enterprises, and the final settlement and payment shall prevail.

Export goods enjoy the VAT exemption and refund policy; the exceeding portion over the 3% VAT payable

of the certified software products enjoy the immediate refund policy; several subsidiaries are welfare enterprises, and value-added tax enjoys the preferential policy of immediate collection and refund of the "employment quota for disabled persons".

3. Others

The overseas subsidiary shall be subject to the tax regulations of its host country.

VII. Notes to Items in the Consolidated Financial Statements

1. Cash and bank balances

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	166,912.72	291,216.13
Cash in bank	5,186,146,972.89	6,507,907,610.98
Other cash and bank balances	62,253,760.60	76,485,856.82
Total	5,248,567,646.21	6,584,684,683.93
Including: Deposited overseas	952,617,169.74	510,550,872.27

2. Derivative Financial Assets

Unit: RMB

Items	Closing balance	Opening balance
Foreign exchange tool	6,237,202.48	20,878,992.10
Futures tools		1,757,120.58
Total	6,237,202.48	22,636,112.68

3. Notes receivable

(1) Categories of notes receivable

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance	2,513,499,394.14	2,332,015,457.09
Trade acceptance	2,802,500.00	7,632,781.39
Financial company acceptance	160,968,390.82	137,191,175.41
Total	2,677,270,284.96	2,476,839,413.89

(2) Provision for bad debts

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										

Notes receivable with provision for bad debt made on a collective basis	2,685,89,805.53	100.00%	8,619,520.57	0.32%	2,677,270,284.96	2,484,457,759.72	100.00%	7,618,345.83	0.31%	2,476,839,413.89
Including:										
Bank acceptance	2,513,499,394.14	93.58%			2,513,499,394.14	2,332,015,457.09	93.87%			2,332,015,457.09
Financial company acceptance	169,440,411.39	6.31%	8,472,020.57	5.00%	160,968,390.82	144,407,795.90	5.81%	7,216,620.49	5.00%	137,191,175.41
Trade acceptance	2,950,000.00	0.11%	147,500.00	5.00%	2,802,500.00	8,034,506.73	0.32%	401,725.34	5.00%	7,632,781.39
Total	2,685,89,805.53	100.00%	8,619,520.57	0.32%	2,677,270,284.96	2,484,457,759.72	100.00%	7,618,345.83	0.31%	2,476,839,413.89

Provision for bad debt made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Provision proportion (%)
Bank acceptance portfolio	2,513,499,394.14		
Financial company acceptance	169,440,411.39	8,472,020.57	5.00%
Trade acceptance portfolio	2,950,000.00	147,500.00	5.00%
Total	2,685,889,805.53	8,619,520.57	

Explanation for determining the basis of this combination:

If the provision for bad debt of notes receivable is in accordance with the general expected credit loss model:

Applicable Not Applicable

(3) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Categories	Opening balance	Changed amount of this period				Closing balance
		Accrual	Recovered or	Write off	Others	

			reversed			
Provision for bad debt made on a collective basis	7,618,345.83	8,619,520.57	7,618,345.83			8,619,520.57
Total	7,618,345.83	8,619,520.57	7,618,345.83			8,619,520.57

Including significant provision for bad debt recovered or reversed amount:

Applicable Not Applicable

(4) Pledged notes at the balance sheet date

Unit: RMB

Items	Closing balance of pledged notes
Bank acceptance	1,669,542,620.23
Financial company acceptance	169,918,986.28
Total	1,839,461,606.51

(5) Endorsed or discounted but undue notes at the balance sheet date

Unit: RMB

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	135,428,108.68	22,016,350.29
Total	135,428,108.68	22,016,350.29

4. Accounts receivable

(1) Disclosure of accounts receivable by aging

Unit: RMB

AR Aging	Closing balance	Opening balance
Within 1 year (including one year)	7,288,127,347.10	6,039,601,208.01
1 to 2 years	26,880,148.32	45,652,788.88
2 to 3 years	8,522,780.88	388,260.85
Over 3 years	384,122.15	265,553.29
Total	7,323,914,398.45	6,085,907,811.03

(2) Disclosure of accounts receivable by categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	

Receivables with provision made on an individual basis	13,187,837.64	0.18%	5,231,227.55	39.67%	7,956,610.09	5,690,817.36	0.09%	5,690,817.36	100.00%	
Including:										
Receivables with provision made on a collective basis	7,310,726,560.81	99.82%	367,616,309.83	5.03%	6,943,110,250.98	6,080,216,993.67	99.91%	306,225,512.45	5.04%	5,773,991,481.22
Including:										
Total	7,323,914,398.45	100.00%	372,847,537.38	5.09%	6,951,066,861.07	6,085,907,811.03	100.00%	311,916,329.81	5.13%	5,773,991,481.22

Provision for bad debts by individual item: There were no significant individual accounts receivable for which provision for bad debts was required to be disclosed during the period.

Provision for bad debts by portfolio: accounts receivable for which bad debt provision is made using ageing portfolios.

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	7,283,188,043.37	364,159,402.15	5.00%
1 to 2 years	24,407,359.92	2,440,735.99	10.00%
2 to 3 years	2,747,035.37	824,110.61	30.00%
Over 3 years	384,122.15	192,061.08	50.00%
Total	7,310,726,560.81	367,616,309.83	

If the provision for bad debt of accounts receivable is in accordance with the general expected credit loss model:

Applicable Not Applicable

(3) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Categories	Opening balance	Changed amount of the current period			Closing balance
		Accrued	Recovered or reversed	Consolidation not under the same control	
Receivables with provision made on an individual basis	5,690,817.36	2,472,788.40	7,683,343.52	4,750,965.31	5,231,227.55
Receivables with provision made on a collective basis	306,225,512.45	61,571,623.30	1,624,270.61	1,443,444.69	367,616,309.83
Total	311,916,329.81	64,044,411.70	9,307,614.13	6,194,410.00	372,847,537.38

There were no significant recoveries or reversals of bad debt provisions during the period

(4) Details about accounts receivable actually written off in the current period

Unit: RMB

Item	Amount
Actually written off amount	180,825.92

Explanation of accounts receivable written off:

There are no significant accounts receivable written off in this period.

(5) Accounts receivable and contract assets of the top five ending balances

Closing balance of top 5 debtors totaled 3290.1883 million yuan, accounting for 44.92% of the total closing balance of accounts receivable. The corresponding provision for bad debts of accounts receivable is 164.8327 million yuan.

(6) Other remarks

Some of the company's accounts receivable are collected by digital and electronic debt vouchers. These debt vouchers have certain credit liquidity and can be used for commercial factoring or transfer payment. As of December 31, 2024, the company had 1304.0048 million yuan of digital and electronic debt vouchers in hand, and 76.1797 million yuan of digital and electronic debt vouchers that had been transferred for payment but not expired.

5. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Other receivables	258,058,796.63	227,792,892.12
Total	258,058,796.63	227,792,892.12

(1) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Items	Closing balance	Opening balance
Tax refund receivable	172,315,455.31	164,712,845.63
Guarantee deposits	58,761,000.97	45,694,632.70
Equity transfer	6,154,074.80	
Others	29,163,174.28	25,466,493.81
Total	266,393,705.36	235,873,972.14

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	245,128,042.58	209,294,612.66
1 to 2 years	10,421,180.98	7,805,876.63
2 to 3 years	3,857,893.12	6,125,806.34
Over 3 years	6,986,588.68	12,647,676.51
Total	266,393,705.36	235,873,972.14

3) Disclosure by categories

√ Applicable □ Not Applicable

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Provision made on an individual basis	192,285,475.65	72.18%			192,285,475.65	170,268,281.68	72.19%			170,268,281.68

Including:										
Provision made on a collective basis	74,108,229.71	27.82%	8,334,908.73	11.25%	65,773,320.98	65,605,690.46	27.81%	8,081,080.02	12.32%	57,524,610.44
Including:										
Total	266,393,705.36	100.00%	8,334,908.73	3.13%	258,058,796.63	235,873,972.14	100.00%	8,081,080.02	3.43%	227,792,892.12

Provision for bad debts on an individual basis: significant other receivables with a single provision for bad debts

Unit: RMB

Name	Opening balance		Closing balance			
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Accrued proportion	Accrual reason
Mexican Tax Authorities	110,195,377.57		24,886,583.98			Amounts from government units, less risk of bad debts
Domestic tax authorities	48,769,669.81		133,400,622.49			Amounts from government units, less risk of bad debts
Total	158,965,047.38		158,287,206.47			

Provision made on a collective basis: Aging portfolio

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	52,842,566.93	2,642,128.35	5.00%
1 to 2 years	10,421,180.98	1,042,118.10	10.00%
2 to 3 years	3,857,893.12	1,157,367.94	30.00%
Over 3 years	6,986,588.68	3,493,294.34	50.00%
Total	74,108,229.71	8,334,908.73	

Provision for bad debt of other receivables in accordance with the general expected credit loss model:

Unit: RMB

Provision for bad debt	Phase I	Phase II	Phase III	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance on January 1, 2024	2,301,288.08	780,587.67	4,999,204.27	8,081,080.02
The balance as of January 1, 2024 is in the current period	—	—	—	—
--Transferred to phase II	-521,059.05	521,059.05		
--Transferred to phase III		-771,578.62	771,578.62	
Provision made in the current period	861,899.32	512,050.00	-1,120,120.61	253,828.71
Balance on December 31, 2024	2,642,128.35	1,042,118.10	4,650,662.28	8,334,908.73

Loss provisions for significant changes in book balances in current period

Applicable Not Applicable

4) Provision for bad debt accrued, recovered or reversed in current period

There were no significant recoveries or reversals of bad debt provisions during the period

5) Other receivables actually written off during the period

There were no significant write-offs of other receivables during the period.

6) Top five other accounts receivable with closing balances, by party owed

Unit: RMB

Items	Nature of receivables	Closing balance	Ages	Proportion to the total balance of other receivables	Provision for bad debt at the end of the period
Domestic tax authorities	Tax refund	133,400,622.49	Within 1 year	50.08%	
Mexican tax authorities	Tax refund	24,886,583.98	Within 1 year	9.34%	
US Customs	Customs deposit	12,939,838.84	Within 1 year	4.86%	
U.S. CBP Freight Cashier	Tax refund	7,461,856.22	Within 1 year	2.80%	
Ningbo Hongquan Enterprise Management Partnership (Limited	Equity transfer	5,696,522.80	Within 1 year	2.14%	

Partnership)					
Total	--	184,385,424.33	--	69.22%	

6. Advances paid

(1) Advances paid by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	151,678,804.24	95.41%	128,617,877.12	96.13%
1 to 2 years	4,420,562.62	2.78%	2,851,372.48	2.13%
2 to 3 years	1,494,692.35	0.94%	1,053,936.12	0.79%
Over 3 years	1,386,389.00	0.87%	1,269,437.82	0.95%
Total	158,980,448.21		133,792,623.54	

Explanation of the reasons for untimely settlement of prepayments aged over one year and of significant amounts:

There were no significant prepayments aged over one year at the end of the period.

(2) Top 5 debtors with the largest advances paid balances

Closing balance of top 5 debtors totaled 27,856,613.58yuan, accounting for 17.52% of the total closing balance .

7. Inventories

Whether the Company needs to comply with the disclosure requirements of the real estate industry

No

(1) Categories of inventories

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount
Raw materials	774,517,455.48	55,956,420.74	718,561,034.74	932,169,486.90	61,788,757.16	870,380,729.74
Work-in-progress	736,441,490.73	5,940,605.41	730,500,885.32	596,409,922.79	1,602,512.78	594,807,410.01

Finished goods	3,833,665,539.54	63,704,038.66	3,769,961,500.88	3,179,557,350.47	50,888,480.61	3,128,668,869.86
Work-in-mould	51,291,852.64		51,291,852.64			
Others	10,126,550.90		10,126,550.90	6,872,368.58		6,872,368.58
Total	5,406,042,889.29	125,601,064.81	5,280,441,824.48	4,715,009,128.74	114,279,750.55	4,600,729,378.19

(2) Provision for decline in value of inventories and Provision for impairment of contract performance costs

Unit: RMB

Items	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Accrued	Others	Reversal or write off	Others	
Raw materials	61,788,757.16	29,365,353.75	99,745.41	35,297,435.58		55,956,420.74
Work-in-progress	1,602,512.78	4,791,598.58		453,505.95		5,940,605.41
Finished goods	50,888,480.61	38,251,194.39	5,980,581.98	31,416,218.32		63,704,038.66
Total	114,279,750.55	72,408,146.72	6,080,327.39	67,167,159.85		125,601,064.81

(3) Other debt investments maturing within one year

Applicable Not Applicable

8. Other current assets

Unit: RMB

Items	Closing balance	Opening balance
Deductible input tax	188,133,785.99	186,254,431.54
Prepaid Enterprise income tax	20,736,089.01	61,993,000.46
CITIC Securities Principal Protected Income Certificates	1,099,929,200.00	
Treasury Bond Reverse Repurchase	399,999,000.00	
H-share declaration intermediary service fee	8,727,451.00	
Others	3,014,405.75	2,826,152.56
Total	1,720,539,931.75	251,073,584.56

9. Long-term receivable

(1) Long-term receivable

Unit: RMB

Items	Closing balance			Opening balance			Range of discount rate
	Book balance	Provision for bad debt	Carrying amount	Book balance	Provision for bad debt	Carrying amount	
Employee home loan				3,805,833.60		3,805,833.60	
Deposit	4,118,760.78	205,938.04	3,912,822.74				

Guarantee							
Total	4,118,760.78	205,938.04	3,912,822.74	3,805,833.60		3,805,833.60	--

(2) Disclosure by categories

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Including:										
Provision for bad debts by portfolio	4,118,760.78	100.00%	205,938.04	5.00%	3,912,822.74					
Including:										
Total	4,118,760.78	100.00%	205,938.04	5.00%	3,912,822.74					

10. Long-term equity investments

Unit: RMB

Investees	Opening balance (Book value)	Opening balance of provision for impairment	Changes in current period								Closing balance (Book value)	Closing balance of provision for impairment
			Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend / Profit declared for distribution	Provision for impairment	Others		
1. Associates												
2. Joint ventures												

Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	4,941,151.03				505,377.08						5,446,528.11	
Chongqing Tainuo Machinery Co., Ltd.	18,304,176.79				3,097,829.03			5,000,000.00			16,402,005.82	
Ningbo Jinlifeng Machinery Co., Ltd.	2,818,824.39				1,020,308.31			1,250,000.00			2,589,132.70	
Qingdao Sanhua Jinlifeng Machinery Co., Ltd.	7,207,202.81				3,843,063.97						11,050,266.78	
Zhongshan Xuanyi Pipe Manufacturing Co., Ltd.	2,806,313.58				402,566.25						3,208,879.83	
Xinchang Zhejiang Sanhua Comprehensive Energy Co. LTD	1,846,762.69				56,217.49						1,902,980.18	
Subtotal	37,924,431.29				8,925,362.13			6,250,000.00			40,599,793.42	
Total	37,924,431.29				8,925,362.13			6,250,000.00			40,599,793.42	

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not Applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not Applicable

11. Investment property**Investment property measured by cost method**√ Applicable Not Applicable

Unit: RMB

Items	Buildings and structures	Land use right and Overseas land ownership	Total
I . Original Carrying amount			
1.Opening balance	12,988,799.79	3,465,907.20	16,454,706.99
2.Increase in current period	-516,154.12	-147,073.50	-663,227.62
(1) Acquisition			
(2) Transferred in from inventory\fixed assets\ construction in progress			
(3) Increase in business merger			
(4) Converted difference in Foreign Currency Statements	-516,154.12	-147,073.50	-663,227.62
3.Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4.Closing balance	12,472,645.67	3,318,833.70	15,791,479.37
II . Accumulated depreciation and amortization			
1.Opening balance	8,288,901.68		8,288,901.68
2. Increase in current period	449,423.77		449,423.77
(1) Accrual or amortization	1,511,403.49		1,511,403.49

(2) Converted difference in Foreign Currency Statements	-1,061,979.72		-1,061,979.72
3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	8,738,325.45		8,738,325.45
III. Provision for impairment			
1. Opening balance			
2. Increase in current period			
(1) Accrual			
3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance			
IV. Carrying amount			
1. Closing balance	3,734,320.22	3,318,833.70	7,053,153.92
2. Opening balance	4,699,898.11	3,465,907.20	8,165,805.31

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not Applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not Applicable

12. Fixed assets

Unit: RMB

Items	Closing balance	Opening balance
Fixed assets	9,794,453,949.92	7,730,363,778.82
Fixed assets liquidation		
Total	9,794,453,949.92	7,730,363,778.82

(1) Fixed assets

Unit: RMB

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office and other equipment	Total
I. Original book value:					
1. Opening balance	4,047,371,816.59	7,015,745,758.89	48,012,520.72	288,532,729.20	11,399,662,825.40
2. Increase in current period	950,164,204.20	1,967,641,156.88	7,678,673.80	52,960,518.06	2,978,444,552.94
(1) Acquisition	3,236,235.04	207,512,183.22	3,497,438.36	5,522,349.09	219,768,205.71
(2) Transferred in from construction in progress	993,309,981.71	1,789,017,640.72	4,283,999.06	51,661,588.65	2,838,273,210.14
(3) Increase in business merger					
(4) Converted difference in Foreign Currency Statements	-46,382,012.55	-28,888,667.06	-102,763.62	-4,223,419.68	-79,596,862.91
3. Decrease in current period	10,209,068.09	284,362,228.64	2,646,112.76	43,016,744.52	340,234,154.01
(1) Disposal or scrap	10,209,068.09	284,362,228.64	2,646,112.76	43,016,744.52	340,234,154.01
4. Closing balance	4,987,326,952.70	8,699,024,687.13	53,045,081.76	298,476,502.74	14,037,873,224.33
II. Accumulated depreciation					
1. Opening balance	757,805,108.30	2,712,789,940.74	29,589,671.69	144,827,742.27	3,645,012,463.00
2. Increase in current period	147,925,794.55	617,433,126.96	4,867,365.34	41,528,485.97	811,754,772.82
(1) Accrual	154,574,474.19	627,187,615.44	4,882,751.71	44,002,932.42	830,647,773.76
(2) Converted difference in Foreign Currency Statements	-6,648,679.64	-9,754,488.48	-15,386.37	-2,474,446.45	-18,893,000.94
3. Decrease in current period	4,641,832.76	208,592,861.04	2,552,155.23	34,856,596.59	250,643,445.62

(1) Disposal or scrap	4,641,832.76	208,592,861.04	2,552,155.23	34,856,596.59	250,643,445.62
4.Closing balance	901,089,070.09	3,121,630,206.66	31,904,881.80	151,499,631.65	4,206,123,790.20
III. Provision for impairment					
1.Opening balance		23,829,156.84		457,426.74	24,286,583.58
2. Increase in current period		20,848,890.81		33,375.46	20,882,266.27
(1) Accrual		20,848,890.81		33,375.46	20,882,266.27
3. Decrease in current period		7,843,017.56		30,348.08	7,873,365.64
(1) Disposal or scrap		7,843,017.56		30,348.08	7,873,365.64
4.Closing balance		36,835,030.09		460,454.12	37,295,484.21
IV. Carrying amount					
1.Closing balance	4,086,237,882.61	5,540,559,450.38	21,140,199.96	146,516,416.97	9,794,453,949.92
2.Opening balance	3,289,566,708.29	4,279,126,661.31	18,422,849.03	143,247,560.19	7,730,363,778.82

(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Net book value	Notes
Machinery and equipment	69,871,920.63	33,036,890.54	36,835,030.09		
Office equipment and others	665,001.21	204,547.09	460,454.12		

(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Closing balance
Buildings and structures	38,026,861.17

(4) Fixed assets with certificate of titles being unsettled

Unit: RMB

Item	Carrying amount	Reasons for unsettlement
Sitong new factory 1# production workshop and power workshop	33,847,785.02	New assets, the certificate of title to be processed uniformly after the

		overall completion
Parts, accessories, and Class A warehouse in the new factory of Sitong	22,162,902.96	New assets, the certificate of title to be processed uniformly after the overall completion
Pump and auxiliary room in the new factory of Sitong	16,455,564.68	New assets, the certificate of title to be processed uniformly after the overall completion
Dormitory of Sitong 1#&2#	57,156,676.44	New assets, the certificate of title to be processed uniformly after the overall completion
Factory 13-16# in Meichu North District	177,176,302.49	New assets, the certificate of title to be processed uniformly after the overall completion
Finished product warehouse and Class A warehouse in Meichu North District	19,619,414.76	New assets, the certificate of title to be processed uniformly after the overall completion
Power, tooling, experimental testing, and R&D testing workshop in 1-8 # of Commercial	416,651,516.44	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial refrigeration product warehouse, raw material warehouse, Class A warehouse, and Class C warehouse	60,881,519.47	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial dormitory 1-4#	144,730,686.60	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial canteens, training buildings, etc	37,825,556.72	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial assisted buildings	18,097,804.23	New assets, the certificate of title to be processed uniformly after the overall completion
1 # Super workshop and power plant	665,359,009.27	New assets, the certificate of title to be processed uniformly after the overall completion
New Energy 3-5# Dormitory	182,905,582.62	New assets, the certificate of title to be processed uniformly after the overall completion
Heat exchanger 9 # production workshop	84,531,250.07	New assets, the certificate of title to be processed uniformly after the overall completion
Wuhu Sanhua Automatic Control dormitory	67,557,135.21	New assets, the certificate of title to be processed uniformly after the overall completion

(5) Impairment testing of fixed assets

Applicable Not Applicable

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not Applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and disposal costs	Key parameters and the determination basis
Machinery and equipment	20,848,890.81		20,848,890.81	Full provision for impairment	
Office and other equipment	33,375.46		33,375.46	Full provision for impairment	
Total	20,882,266.27		20,882,266.27		

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not Applicable

13. Construction in progress

Unit: RMB

Items	Closing balance	Opening balance
Construction in progress	2,171,985,301.79	2,036,326,757.72
Total	2,171,985,301.79	2,036,326,757.72

(1) Details of construction in progress

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Annual production of 12 million sets of intelligent thermal management components of new energy vehicles technical renovation project	51,157,823.83		51,157,823.83	259,331,934.09		259,331,934.09
Annual production of 12.5 million sets of intelligent thermal management module for new energy vehicles construction	23,395,885.64		23,395,885.64	208,351,289.28		208,351,289.28

project						
Annual production of 8 million sets of intelligent thermal management component project	69,617,800.61		69,617,800.61	186,106,762.72		186,106,762.72
Sanhua Minshi Automotive investment 21 million euros to establish a new automotive parts production line project	87,414,582.47		87,414,582.47	138,550,445.99		138,550,445.99
Industrial Plant Engineering in Mexico	13,597,940.07		13,597,940.07	128,804,884.71		128,804,884.71
The new energy vehicle thermal management parts production project in Guangdong Sanhua	684,266,101.06		684,266,101.06	113,445,275.23		113,445,275.23
Annual production of 1.5 million sets new energy thermal management component project	11,496,626.55		11,496,626.55	87,649,308.50		87,649,308.50
Annual output of 11 million sets of high efficiency heat exchange component for new energy vehicles project	131,312,189.55		131,312,189.55	87,188,916.55		87,188,916.55
Dormitory of Automotive	123,872,435.82		123,872,435.82	77,248,786.37		77,248,786.37
150-3 # -6 # Rental dormitory buildings				73,709,950.00		73,709,950.00
Annual output of 14 million sets of new energy cooling	32,026,363.72		32,026,363.72	66,609,673.61		66,609,673.61

component technology renovation project						
Annual output of 11 million sets of components technical renovation projects				61,306,246.90		61,306,246.90
5 million sets of technical renovation projects and equipment	157,627,221.46		157,627,221.46	28,032,778.68		28,032,778.68
Vietnam Industrial Plant Engineering	97,324,396.85		97,324,396.85	27,351,178.96		27,351,178.96
Annual output of 3 million sets of thermal management components for new energy vehicles technical renovation project	11,556,497.72		11,556,497.72	24,537,513.20		24,537,513.20
Annual output of 4 million sets of heat pump components for new energy vehicles technical renovation project	12,509,834.13		12,509,834.13	16,303,564.10		16,303,564.10
Annual output of 65 million sets of intelligent control components for commercial refrigeration and air conditioning project	9,849,391.27		9,849,391.27	14,882,282.34		14,882,282.34
Sanhua new energy vehicle battery water cooled plate production line construction project	51,862,454.69		51,862,454.69	13,525,758.03		13,525,758.03

Annual output of 3 million sets of plate heat exchange units and annual output of 2 million sets of EXV electronic expansion valve components project					11,493,210.78		11,493,210.78
Annual Output of 50 million Sets of new energy vehicle domain control and CO2 thermal management system components technology transformation project	16,939,625.33		16,939,625.33				
Annual Output of 20 million Sets of thermal management components for new energy vehicles project	17,421,829.50		17,421,829.50				
Poland auto parts plant project	63,112,137.86		63,112,137.86				
Shenyang auto parts plant project	55,276,912.51		55,276,912.51	7,979,602.26			7,979,602.26
Thailand microchannel pant project	45,355,154.15		45,355,154.15	22,102,023.60			22,102,023.60
others	404,992,097.00		404,992,097.00	381,815,371.82			381,815,371.82
Total	2,171,985,301.79		2,171,985,301.79	2,036,326,757.72			2,036,326,757.72

(2) Changes of significant construction in progress in current period

Unit: RMB

Items	Budget	Opening balance	Increased in current period	Transferred to fixed assets in the current period	Other amounts decreased in current period	Closing balance	Accumulated investment to budget (%)	Completion percentage (%)
Annual	1,780,55	14,882,28	147,156,457.5	152,189,348.5		9,849,391.27	81.11%	81.11%

production of 65 million sets of commercial refrigeration and air conditioning intelligent control components construction project	0,000.00	2.34	0	7				
Annual output of 50.5 million sets of high efficiency and energy saving refrigeration and air conditioning control components project	785,570,000.00		121,551,440.48	121,551,440.48			40.96%	40.96%
Annual production of 8 million sets of intelligent thermal management components project	\$ 150,000,000.00	186,106,762.72	207,694,398.73	324,183,360.84		69,617,800.61	35.55%	35.55%
Annual production of 1.5 million sets of new energy thermal management components project	650,500,000.00	87,649,308.50	25,045,393.99	101,198,075.94		11,496,626.55	136.20%	99.99%
Annual output of 11 million	940,000,000.00	87,188,916.55	287,433,887.79	243,310,614.79		131,312,189.55	98.00%	98.00%

sets of new energy vehicles high efficiency heat exchanger assembly project								
Annual output of 12.5 million sets intelligent thermal management module for new energy vehicles construction project	1,372,650,000.00	208,351,289.28	315,184,511.61	500,139,915.25		23,395,885.64	38.14%	38.14%
The new energy vehicle thermal management parts production project in Guangdong Sanhua	2,050,000,000.00	113,445,275.23	579,812,066.70	8,991,240.87		684,266,101.06	33.81%	33.81%
Total		697,623,834.62	1,683,878,156.80	1,451,563,996.74		929,937,994.68		

During the period, construction in progress was financed by own funds and funds raised, and no interest was capitalized.

(3) Impairment testing of construction in progress

Applicable Not Applicable

14.Right of use assets

(1) Details of right of use assets

Unit: RMB

Items	Houses and buildings	Vehicle	Total
I . Original Carrying amount			
1.Opening balance	515,115,808.59	9,520,959.07	524,636,767.66
2.Increased in current period	182,779,161.47	364,624.70	183,143,786.17

(1) Rent	187,143,888.81	750,941.17	187,894,829.98
(2) Converted difference in Foreign Currency Statements	-4,364,727.34	-386,316.47	-4,751,043.81
3. Decreased in current period	147,909,194.85	2,170,431.24	150,079,626.09
(1) Disposal	147,909,194.85	2,170,431.24	150,079,626.09
4. Closing balance	549,985,775.21	7,715,152.53	557,700,927.74
II. Accumulated amortization			
1. Opening balance	208,527,758.51	2,854,263.62	211,382,022.13
2. Increased in current period	115,548,813.42	-32,071.31	115,516,742.11
(1) Accrual	117,071,690.21	88,470.32	117,160,160.53
(2) Converted difference in Foreign Currency Statements	-1,522,876.79	-120,541.63	-1,643,418.42
3. Decreased in current period	105,431,122.99	351,593.51	105,782,716.50
(1) Disposal	105,431,122.99	351,593.51	105,782,716.50
4. Closing balance	218,645,448.94	2,470,598.80	221,116,047.74
III. Provision for impairment			
1. Opening balance			
2. Increased in current period			
(1) Accrual			
3. Decreased in current period			
(1) Disposal			
4. Closing balance			
IV. Carrying amount			
1. Closing balance	331,340,326.27	5,244,553.73	336,584,880.00
2. Opening balance	306,588,050.08	6,666,695.45	313,254,745.53

(2) Details of impairment testing of right-of-use assets

Applicable Not Applicable

15. Intangible Assets**(1) Details of intangible assets**

Unit: RMB

Items	Land use right	Overseas land ownership	Application software	Intellectual property	Total
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I . Original Carrying amount					
1.Opening balance	831,065,742.54	87,865,763.74	59,242,753.80	52,824,940.36	1,030,999,200.44
2.Increased in current period	176,830,006.53	82,129,791.46	18,235,367.03		277,195,165.02
(1) Acquisition	178,710,679.65	93,628,162.97	18,869,391.77		291,208,234.39
(2) Internal research and development					
(3) Increased in business merger					
(4) Converted difference in Foreign Currency Statements	-1,880,673.12	-11,498,371.51	-634,024.74		-14,013,069.37
3.Decreased in current period			848,519.60	16,143,875.56	16,992,395.16
(1) Disposal			848,519.60	16,143,875.56	16,992,395.16
4.Closing balance	1,007,895,749.07	169,995,555.20	76,629,601.23	36,681,064.80	1,291,201,970.30
II . Accumulated amortization					
1.Opening balance	120,494,299.60	739,235.92	35,248,356.61	30,651,015.49	187,132,907.62
2.Increased in current period	18,655,818.42	11,032.13	15,692,807.77	11,581,530.18	45,941,188.50

(1) Accrual	18,449,727.98		16,153,522.17	11,581,530.18	46,184,780.33
(2) Converted difference in Foreign Currency Statements	206,090.44	11,032.13	-460,714.40		-243,591.83
3. Decreased in current period			239,532.68	16,143,875.56	16,383,408.24
(1) Disposal			239,532.68	16,143,875.56	16,383,408.24
4.Closing balance	139,150,118.02	750,268.05	50,701,631.70	26,088,670.11	216,690,687.88
III. Provision for impairment					
1.Opening balance					
2. Increased in current period					
(1) Accrual					
3. Decreased in current period					
(1) Disposal					
4.Closing balance					
IV. Carrying amount					
1.Closing balance	868,745,631.05	169,245,287.15	25,927,969.53	10,592,394.69	1,074,511,282.42

2. Opening balance	710,571,442.94	87,126,527.82	23,994,397.19	22,173,924.87	843,866,292.82
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At the end of this period, the proportion of intangible assets formed through internal research and development of the company to the balance of intangible assets is 0.00%.

16. Goodwill

(1) Original Carrying amount of goodwill

Unit: RMB

Investee or events resulting in goodwill	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Due to business combination		Disposal		
R-Squared Puckett Inc.	31,959,091.60					31,959,091.60
Goodwill of Asset Group of Zhejiang Sanhua plate Exchange Technology Co., Ltd	5,839,387.56					5,839,387.56
Goodwill of Non-Asset Group of Zhejiang Sanhua plate Exchange Technology Co., Ltd	1,752,443.05					1,752,443.05
Total	39,550,922.21					39,550,922.21

(2) Provision for goodwill impairment

Unit: RMB

Investee or events resulting in goodwill	Opening balance	Increased in current period		Decreased in current period		Closing balance
		Provision made		Disposal		
R-Squared Puckett Inc.	31,959,091.60					31,959,091.60
Goodwill of Asset Group of Zhejiang Sanhua plate Exchange Technology Co., Ltd		5,839,387.56				5,839,387.56
Goodwill of Non-Asset	806,602.57	945,840.48				1,752,443.05

Group of Zhejiang Sanhua plate Exchange Technology Co., Ltd						
Total	32,765,694.17	6,785,228.04				39,550,922.21

(3) Information about the asset group or combination of asset groups in which the goodwill is located

Goodwill of Non-Asset Group of Zhejiang Sanhua plate Exchange Technology Co., Ltd. refers to the goodwill formed by recognizing deferred income tax liabilities for asset valuation appreciation, the goodwill generated when Zhejiang Sanhua Commercial Co., Ltd. acquired and merged Zhejiang Sanhua plate Exchange Technology Co., Ltd. under non-common control, the goodwill impairment loss is provisioned synchronously with the reversal of deferred tax liabilities.

17. Long-term prepayments

Unit: RMB

Items	Opening balance	Increased in current period	Amortization	Other decreases	Closing balance
Rental housing construction and transformation expenditure	91,089,761.84	65,801,792.06	18,017,890.04		138,873,663.86
Expenditures on tooling and molds	27,006,674.25	47,404,582.01	15,311,689.08		59,099,567.18
Home purchase borrowing		2,691,209.71			2,691,209.71
Total	118,096,436.09	115,897,583.78	33,329,579.12		200,664,440.75

18. Deferred tax assets / deferred tax liabilities

(1) Deferred tax assets before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for bad debt	326,849,301.89	69,943,332.36	261,315,206.58	54,641,190.49
Provision for inventory write-down	43,998,128.38	8,173,456.58	42,325,391.26	8,139,006.84
Unrealized profit from internal transactions	448,402,964.21	34,420,003.98	433,833,345.36	34,546,191.69
Deductible losses	103,831,524.35	15,574,728.65	76,215,945.95	18,485,636.55
Deferred income-government grants	607,151,143.89	95,572,671.35	378,102,855.53	68,133,180.61
Provision for fixed	29,655,449.24	4,448,317.51	20,614,046.13	3,102,355.15

assets impairments				
Lease liabilities	148,436,132.18	29,100,767.41	85,136,567.36	16,775,016.78
Share-based payment expenses (accounting standards)	157,883,504.75	24,246,236.51	115,180,902.79	17,742,289.08
Floating loss of derivative instruments	1,638,625.00	245,793.75	1,228,538.00	184,280.70
Total	1,867,846,773.89	281,725,308.10	1,413,952,798.96	221,749,147.89

(2) Deferred tax liabilities before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Appreciation of assets appraisal of the business combinations not under common control			9,008,004.60	1,351,200.69
Asset depreciation	2,571,351,484.51	388,942,087.41	2,047,041,074.93	324,214,511.19
Floating gain on derivatives	1,187,202.48	178,080.37	1,463,100.00	219,465.00
Floating gain on financial products	764,300.00	191,075.00		
Accrued interest of certificate of deposit	35,348,090.40	5,302,213.56	191,331,258.62	30,267,866.29
Right-of-use assets	165,465,739.82	32,676,985.01	85,136,567.36	16,775,016.78
Total	2,774,116,817.21	427,290,441.35	2,333,980,005.51	372,828,059.95

(3) Deferred tax assets or liabilities after offset shown on a net offsetting basis

Unit: RMB

Items	Deferred tax assets and liabilities offset amount at the end of the balance amount	Closing balance of deferred tax assets or liabilities after offset	Deferred tax assets and liabilities offset amount at the beginning of the balance amount	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	169,026,466.57	112,698,841.53	65,316,990.66	156,432,157.23
Deferred tax liabilities	169,026,466.57	258,263,974.78	65,316,990.66	307,511,069.30

(4) Details of unrecognized deferred tax assets

Unit: RMB

Items	Closing balance	Opening balance
Provision for bad debt	63,158,602.83	66,300,549.08
Provision for inventory write-down	81,602,936.43	71,954,359.29

Deductible losses of subsidiaries	343,483,589.64	280,085,140.01
Investment losses recognized by the equity method	8,925,362.13	20,324,431.29
Floating loss on derivatives	78,039,493.93	9,490,572.02
Deferred income-government grants	603,134.91	1,037,186.95
Total	575,813,119.87	449,192,238.64

(5) Deductible losses of unrecognized deferred tax assets will expire in the following years

Unit: RMB

Maturity years	Closing balance	Opening balance	Remarks
Year 2025	1,160,674.55	1,160,674.55	
Year 2026	521,923.98	521,923.98	
Year 2027	18,275,346.16	23,055,008.78	
Year 2028	71,351,566.57	74,714,376.64	
Year 2029	77,949,676.95	16,716,170.44	
Year 2030	12,549,643.88	12,549,643.88	
Year 2031	69,321,405.03	69,321,405.03	
Year 2032	3,108,373.33	6,336,459.07	
Year 2033	58,952,640.71	75,709,477.64	
Year 2034	30,292,338.48		
Total	343,483,589.64	280,085,140.01	

19. Other non-current assets

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Advanced payment for non-current assets purchasing	311,120,963.93		311,120,963.93	564,023,136.83		564,023,136.83
Total	311,120,963.93		311,120,963.93	564,023,136.83		564,023,136.83

20. Assets with title or use right restrictions

Unit: RMB

Items	Closing				Opening			
	Book balance	Carrying amount	Type of restrictions	Reasons for restriction	Book balance	Carrying amount	Type of restrictions	Reasons for restriction

				s				s
Cash and bank balances	62,214,705.42	62,214,705.42	Pledge	Guarantee deposit	76,476,700.95	76,476,700.95	Pledge	Guarantee deposit
Cash and bank balances	3,199,267.50	3,199,267.50	Pledge	Litigation freeze	281,570,379.73	281,570,379.73	Pledge	Pledge financing
Notes receivable	1,839,461,606.51	1,839,461,606.51	Pledge	Pledge financing	2,214,363,880.38	2,208,446,869.75	Pledge	Pledge financing
Accounts receivable	84,120,090.81	79,914,086.27	Restrictions on use	Digital and electronic debt vouchers that have been endorsed or discounted but are not due	66,621,446.85	63,290,374.51	Restrictions on use	Digital and electronic debt vouchers that have been endorsed or discounted but are not due
Total	1,988,995,670.24	1,984,789,665.70			2,639,032,407.91	2,629,784,324.94		

21. Short-term borrowings

(1) Categories of short-term borrowings

Unit: RMB

Items	Closing balance	Opening balance
Credit borrowings	630,000,000.00	200,000,000.00
Overseas loan under domestic guarantee	896,728,880.47	1,002,451,361.04
Financial asset discount financing	22,016,350.29	5,748,871.44
Accrued interest	4,600,420.40	3,950,146.37
Total	1,553,345,651.16	1,212,150,378.85

22. Trading financial liabilities

Unit: RMB

Items	Closing balance	Opening balance
Trading financial liabilities		3,500,000.00
Including:		
Contingent consideration for business merge		3,500,000.00
Including:		
Total		3,500,000.00

23. Derivative financial liabilities

Unit: RMB

Items	Closing balance	Opening balance
Exchange rate derivative	76,859,519.31	10,719,110.02

Futures derivative	2,818,599.62	
Total	79,678,118.93	10,719,110.02

24. Notes payable

Unit: RMB

Categories	Closing balance	Opening balance
Bank acceptance	3,791,834,944.38	3,416,711,594.64
Total	3,791,834,944.38	3,416,711,594.64

25. Accounts payable**(1) Details of accounts payable**

Unit: RMB

Items	Closing balance	Opening balance
Within 1 year	5,879,226,937.77	4,405,227,329.99
1 to 2 years	86,393,278.56	27,522,682.35
2 to 3 years	11,380,750.49	10,155,105.49
Over 3 years	8,426,041.97	7,035,241.98
Total	5,985,427,008.79	4,449,940,359.81

26. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Interest payables	1,894,919.92	
Dividend payables	2,528,280.00	
Other payables	540,988,960.38	250,642,662.86
Total	545,412,160.30	250,642,662.86

(1) Interest payables

Item	Closing balance	Opening balance
Interest on borrowings	1,894,919.92	
Total	1,894,919.92	

(2) Dividend payables

Item	Closing balance	Opening balance
Dividends to minority shareholders of subsidiaries	2,528,280.00	
Total	2,528,280.00	

(3) Other payables**1) Other payables listed by nature**

Unit: RMB

Items	Closing balance	Opening balance
Restricted shares repo obligations	354,074,424.29	118,010,274.29

Guarantee deposit	40,069,013.70	41,716,593.20
Interbank borrowings	27,085,752.88	27,591,919.18
Compensation for product quality loss	22,691,316.63	19,370,760.58
Risk responsibility fee	19,192,202.00	
Intermediary service fee for H-share filing	9,242,068.00	
Stock appreciation rights risk deposit	7,707,817.97	
Option fee	5,050,000.00	
Rent and property fee	4,433,252.17	2,401,192.28
Collection of talent awards	1,021,052.17	4,114,516.00
Others	50,422,060.57	37,437,407.33
Total	540,988,960.38	250,642,662.86

27. Contract liabilities

Unit: RMB

Items	Closing balance	Opening balance
Customer contract advance payment	49,461,722.83	51,788,802.03
Total	49,461,722.83	51,788,802.03

28. Employee benefits payable

(1) Details of employee benefits payable

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
I . Short-term employee benefits	581,554,274.99	4,198,434,261.38	4,070,738,034.39	709,250,501.98
II . Post-employment benefits - defined contribution plan	12,017,618.66	152,166,051.91	150,582,162.91	13,601,507.66
III. Termination benefits	5,229,352.69	6,673,376.86	8,753,260.30	3,149,469.25
Total	598,801,246.34	4,357,273,690.15	4,230,073,457.60	726,001,478.89

(2) Details of Short-term employee benefits

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
1. Wage, bonus, allowances and subsidy	528,759,992.88	3,128,629,052.77	3,029,172,976.80	628,216,068.85
2. Employee welfare fund	805,549.18	192,185,992.97	192,991,542.15	0.00
3. Social insurance premium	6,485,922.75	90,585,168.30	89,657,191.04	7,413,900.01
Including: Medicare premium	5,616,918.92	83,368,940.77	82,112,773.67	6,873,086.02
Occupational injuries premium	747,127.97	7,216,227.53	7,422,541.51	540,813.99
Maternity premium	121,875.86	0.00	121,875.86	0.00

4. Housing provident fund	19,286.00	88,759,464.05	88,742,255.17	36,494.88
5. Overseas social security contributions	12,235,847.63	151,968,086.56	144,043,435.22	20,160,498.97
6. Dispatching remuneration	23,811,068.55	503,421,088.01	498,818,113.08	28,414,043.48
7. Profit sharing plan	0.00	13,375,400.19	0.00	13,375,400.19
8. Stock appreciation option	7,879,890.00	2,606,390.00	1,288,980.00	9,197,300.00
9. Other	1,556,718.00	26,903,618.53	26,023,540.93	2,436,795.60
Total	581,554,274.99	4,198,434,261.38	4,070,738,034.39	709,250,501.98

(3) Details of defined contribution plan

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
1. Basic endowment insurance premium	11,603,727.01	147,098,635.86	145,599,971.33	13,102,391.54
2. Unemployment insurance premium	413,891.65	5,067,416.05	4,982,191.58	499,116.12
Total	12,017,618.66	152,166,051.91	150,582,162.91	13,601,507.66

29. Taxes payable

Unit: RMB

Items	Closing balance	Opening balance
Enterprise income tax	118,969,383.22	186,575,216.87
VAT	36,186,055.27	30,168,036.77
Urban maintenance and construction tax	6,226,349.92	5,330,039.26
Education surcharge	2,840,421.75	2,459,912.39
Local education surcharge	1,893,614.54	1,639,941.61
Housing property tax	25,291,596.40	23,482,515.63
Land use tax	14,321,852.38	12,974,469.60
Overseas tax	83,321,755.69	99,516,370.91
Individual income tax	14,143,021.77	12,843,108.53
Others	6,680,382.98	7,407,179.62
Total	309,874,433.92	382,396,791.19

30. Non-current liabilities due within one year

Unit: RMB

Items	Closing balance	Opening balance
Guaranteed borrowings		1,370,000,000.00
Credit borrowings	500,000,000.00	
Accrued interest	420,291.67	1,195,277.78
Lease liabilities	90,573,660.45	68,897,976.15
Total	590,993,952.12	1,440,093,253.93

31. Other current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Output tax to be written off	1,274,402.83	2,099,986.27
Total	1,274,402.83	2,099,986.27

32. Long-term borrowings**(1) Categories of long-term borrowings**

Unit: RMB

Items	Closing balance	Opening balance
Guaranteed borrowings		1,030,000,000.00
Credit borrowings	2,044,000,000.00	
Accrued interest	1,772,594.73	801,111.13
Total	2,045,772,594.73	1,030,801,111.13

33. Leased liabilities

Unit: RMB

Items	Closing balance	Opening balance
Lease payables	361,987,999.06	297,708,584.83
Unrecognized financing costs	-33,501,329.10	-7,515,126.82
Leased liabilities due within 1 year	-90,573,660.45	-68,897,976.15
Total	237,913,009.51	221,295,481.86

34. Long-term payables

Unit: RMB

Items	Closing balance	Opening balance
Long-term payables		11,290,788.32
Total		11,290,788.32

(1) Long-term payables listed by nature

Unit: RMB

Items	Closing balance	Opening balance
Stock appreciation rights deposit		3,499,818.32
Retention money		7,790,970.00

35. Long-term employee benefits payable**(1) Table of long-term employee benefits payable**

Unit: RMB

Items	Closing balance	Opening balance
Long-term employee rights protection funds	33,943,063.56	39,840,362.77
Total	33,943,063.56	39,840,362.77

36. Deferred income

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance	Reasons for balance
Government grants	379,140,042.48	277,350,770.05	48,736,533.73	607,754,278.80	Related to assets
Total	379,140,042.48	277,350,770.05	48,736,533.73	607,754,278.80	--

37. Other non-current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Engineering agent construction fund	18,154,107.25	18,154,107.25
Total	18,154,107.25	18,154,107.25

38. Share capital

Unit: RMB

	Opening balance	Changed amount of current period (+/-)					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	3,732,615,535.00				-226,000.00	-226,000.00	3,732,389,535.00

Other remarks:

In the current period, 226,000 shares were reduced due to the repurchase and cancellation of restricted shares.

39. Capital reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Capital premium (Share premium)	3,296,004,248.86	39,323,925.00	286,868,800.00	3,048,459,373.86
Other capital reserve	159,639,317.12	109,070,573.06	45,855,986.56	222,853,903.62
Total	3,455,643,565.98	148,394,498.06	332,724,786.56	3,271,313,277.48

40. Treasury shares

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Restricted shares	118,009,850.00	292,692,500.00	56,628,350.00	354,074,000.00

Repo shares	305,458,741.57	299,977,735.21	577,662,900.00	27,773,576.78
Total	423,468,591.57	592,670,235.21	634,291,250.00	381,847,576.78

41. Other comprehensive income (OCI)

Unit: RMB

Items	Opening balance	Changed amount of the current period						Closing balance
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: OCI carried forward transferred to undistributed profit	Less: income tax expense	Attributable to the parent Company after tax	Attributable to Non-controlling interest after tax	
Items to be reclassified subsequently to profit or loss	114,757,064.28	- 253,119,717.76				- 253,119,717.76		- 138,362,653.48
Converted difference in Foreign	114,757,064.28	- 253,119,717.76				- 253,119,717.76		- 138,362,653.48
Other comprehensive income in total	114,757,064.28	- 253,119,717.76				- 253,119,717.76		- 138,362,653.48

42. Surplus reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Statutory surplus reserve	985,419,187.09	152,050,641.42		1,137,469,828.51
Discretionary surplus reserve	8,681,137.20			8,681,137.20
Reserve fund	17,813,919.38			17,813,919.38
Total	1,011,914,243.67	152,050,641.42		1,163,964,885.09

Remarks on surplus reserve, including movement in current period and the reason for changes:

This period increased by RMB 152,050,641.42, according to the parent company's current net profit 10% of the statutory surplus reserve.

43. Undistributed profit

Unit: RMB

Items	Current period	Previous period
Balance after adjustment at the end of the previous period	10,002,942,167.43	8,133,336,242.88
Add: Net profit attributable to shareholders of the parent Company for current year	3,099,165,128.06	2,920,992,940.01
Less: Appropriation of statutory surplus	152,050,641.42	148,391,184.66

reserve		
Payable dividends on ordinary shares	1,299,745,014.90	902,995,830.80
Closing balance	11,650,311,639.17	10,002,942,167.43

44. Operating revenue and Operating cost

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	27,123,003,867.37	19,528,781,317.88	23,942,063,896.26	17,222,868,860.02
Other operations	824,160,648.56	741,052,236.60	615,738,170.33	550,990,104.10
Total	27,947,164,515.93	20,269,833,554.48	24,557,802,066.59	17,773,858,964.12

After deducting non-recurring profit or loss by audit, whether the net profit is negative or not

Applicable Not Applicable

45. Taxes and surcharges

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	49,043,125.00	41,620,164.98
Education surcharge	23,641,474.55	20,384,359.04
Local education surcharge	15,791,831.37	13,605,572.72
Housing property tax	31,759,148.64	28,446,815.02
Land use tax	15,265,300.38	5,066,854.78
Stamp duty	22,738,472.95	21,392,535.74
Local foundation for water works	1,350,007.41	1,145,402.41
Overseas taxes and fees	10,050,417.90	8,030,714.76
Others	1,636,869.96	123,603.05
Total	171,276,648.16	139,816,022.50

46. General and administrative expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	1,038,779,366.49	871,450,950.33
Share-based payment remuneration	46,874,437.58	51,167,739.35
Depreciation and amortization expense	175,058,947.44	134,971,322.17
Office expense	288,291,005.36	217,169,017.48
Intermediary organ expense	94,216,117.91	78,105,298.36
Relocation payment		20,589,497.91
Entertainment expense	27,392,296.32	24,892,269.92
Vehicle expense	22,226,179.29	18,256,637.96
Sporadic renovation expense in the park	51,032,505.48	23,581,176.29
Security fund for the disabled	2,768,178.24	5,838,805.65
Others	20,815,288.05	30,311,456.93
Total	1,767,454,322.16	1,476,334,172.35

47 Selling expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	396,104,926.62	331,659,767.15
Share-based payment of remuneration	14,872,075.64	
Warehousing, freight and miscellaneous charges	119,411,615.55	102,848,591.91
Entertainment expense	69,549,661.34	62,370,229.50
Travel expense	48,639,067.37	42,454,354.33
Advertising expense	30,737,660.07	24,044,549.16
Others	47,122,224.87	34,188,146.20
Total	726,437,231.46	597,565,638.25

Other remarks:

As a result of the implementation of “Interpretation of China Accounting Standards for Business Enterprises No. 18”, the Company retroactively corrected the presentation of product warranty fees in 2023 by reclassifying them from “Selling expenses” to “Cost of sales”.

48. R&D expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	764,779,384.09	586,262,227.24
Share-based payment of remuneration	45,400,398.91	
Direct input expense	439,535,792.28	425,272,233.05
Depreciation and amortization expense	50,675,445.97	42,222,750.79
Royalties	16,159,725.11	12,029,990.63
Outsourcing R&D expense	3,756,220.44	1,187,512.67
Others	31,491,819.70	29,859,510.03
Total	1,351,798,786.50	1,096,834,224.41

49. Financial expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Interest expense	152,267,440.63	212,081,658.78
Interest income	-130,315,478.18	-159,145,071.07
Exchange gains or losses	-83,153,926.15	-133,515,123.19
Income from derecognition of financial assets measured at amortized cost	9,296,640.32	
Others	8,122,939.85	7,827,155.19
Total	-43,782,383.53	-72,751,380.29

50. Other income

Unit: RMB

Source of the other income	Current period cumulative	Preceding period comparative
Government subsidies related to assets	48,736,533.73	38,505,871.41
Government subsidies related to revenue	156,546,385.56	110,601,829.40
VAT extra deductions	21,948,485.83	37,270,140.16
Handling fees for withholding tax	1,974,520.26	1,877,422.09

51. Gains or losses on changes in fair value

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Financial assets held for trading (floating gains and losses on bank financial products)		-25,980.08
Floating gains and losses on futures contracts	-3,010,560.26	-3,400,201.17
Floating gains and losses on foreign exchange contract	-87,723,049.24	51,549,703.59
Total	-90,733,609.50	48,123,522.34

52. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	8,925,362.13	7,986,227.16
Gains and losses on bank financial products	7,022,483.08	171,131.50
Gains and losses on bank financial products during the holding period	5,920,200.00	
Gains and losses on exchange rate derivatives	-55,218,517.77	-150,933,667.67
Gains and losses on futures derivatives	11,602,521.92	12,909,340.21
Income from derecognition of financial assets measured at amortized cost		-5,619,589.87
Advance payment gains	5,468,084.69	4,032,630.05
Total	-16,279,865.95	-131,453,928.62

53. Credit impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Provision for bad debt	-56,378,564.98	-51,477,741.58
Total	-56,378,564.98	-51,477,741.58

54 Assets impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Inventory write-down loss and contract performance cost impairment loss	-35,253,817.89	-41,206,282.08
IV. Impairment loss of fixed assets	-20,882,266.27	-13,364,006.60
X. Goodwill impairment loss	-6,785,228.04	-806,602.57
Total	-62,921,312.20	-55,376,891.25

55. Gains on asset disposal

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Gains on disposal of assets	3,016,317.77	8,741,208.41

56. Non-operating revenue

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount recorded into the current non-recurring profit and loss
Exempted payment	1,486,141.05	7,200,691.96	1,486,141.05
Compensation and penalty income	3,014,752.68	3,348,736.31	3,014,752.68
Gains from retirement of fixed assets	119,462.59	1,419,940.46	119,462.59
Gains from acquisition of equity	2,097,001.82		2,097,001.82
Others	2,931,604.74	2,963,564.66	2,931,604.74
Total	9,648,962.88	14,932,933.39	9,648,962.88

57. Non-operating expenditures

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on retirement of fixed assets	17,730,289.97	11,318,566.98	17,730,289.97
Litigation for damages	8,107,136.89	1,169,762.74	8,107,136.89
Others	2,180,374.12	2,136,968.30	2,180,374.12
Total	28,017,800.98	14,625,298.02	28,017,800.98

58. Income tax expenses**(1) Income tax expenses**

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	588,438,788.90	537,385,513.45
Deferred income tax expenses	-8,478,182.12	82,163,240.54
Total	579,960,606.78	619,548,753.99

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Items	Current period cumulative
Income before tax	3,691,686,409.12
Income tax expense calculated at the applicable tax rate	688,073,677.14
Adjustment of preliminary income tax expense settlement and payment	8,763,056.88
Plus deduction of R&D expenses	-152,335,338.10
The difference between tax and accounting standards for convertible corporate bonds	
Effect of utilization of deductible losses not previously recognized as deferred tax assets	19,852,227.40
Others	15,606,983.46
Income tax expenses	579,960,606.78

59. Other comprehensive income

Please refer to the notes of balance sheet items and other comprehensive income for details.

60. Notes to items of the consolidated cash flow statement

(1) Cash related to operating activities

Other cash receipts related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Government grants	375,520,971.27	238,258,666.39
Interest income	130,315,478.18	54,287,886.38
Rental income	19,262,208.26	11,054,740.49
Enterprise income tax remittance refund	33,298,518.81	
Guarantee deposit	16,286,416.39	28,043,128.73
Insurance indemnities	3,014,752.68	3,348,736.31
Other	5,202,346.13	4,840,986.75
Total	582,900,691.72	339,834,145.05

Other cash payments related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
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Frozen bank deposit	3,199,267.50	
Guarantee deposit and Expense payments	748,117,184.26	650,619,571.95
Total	751,316,451.76	650,619,571.95

(2) Cash related to investment activities**Other cash receipts related to investing activities**

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Redemption of brokerage financing products	1,301,000,000.00	100,000,000.00
Redemption of certificates of deposit	2,602,367,660.18	962,037,101.21
Income from Futures contract derivatives settlement	11,602,521.92	12,909,340.21
Restricted funds		26,801,109.49
Total	3,914,970,182.10	1,101,747,550.91

Important cash received related to investment activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Compensation for land collection and storage		546,216,590.00
Total		546,216,590.00

Other cash payments related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Purchase of brokerage financial products	2,395,000,000.00	4,870,158.51
Purchase of large certificates of deposit	1,395,671,527.63	
Purchase of Treasury Bond Reverse Repurchase	399,999,000.00	
Loss on exchange rate derivatives instrument settlement	55,218,517.77	150,933,667.67
restricted funds	2,660,828.24	
Total	4,248,549,873.64	155,803,826.18

Important cash payments related to investment activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Construction project of intelligent control components for	121,007,400.00	309,743,621.56

commercial refrigeration and air conditioning with an annual production capacity of 65 million sets		
Efficient and energy-saving refrigeration and air conditioning control component technology renovation project with an annual production capacity of 50.5 million sets	116,325,643.10	149,195,510.91
Total	237,333,043.10	458,939,132.47

(3) Cash related to financing activities**Other cash receipts related to financing activities**

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Restricted funds	16,922,823.77	15,585,461.73
Notes /Electronic debt voucher discount financing	22,016,350.22	16,289,050.35
Profit Sharing Plan Deposit	19,192,202.00	
Deposit of Stock appreciation right	4,207,999.65	
Total	62,339,375.64	31,874,512.08

Other cash payments related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Repo shares expenses	299,977,735.21	190,095,426.04
Restricted stock repurchase expenses	2,124,400.00	1,572,760.00
Rental expenses	124,009,095.18	103,809,960.27
Restricted funds		26,510,463.54
Deposit of Stock appreciation right		1,331,383.81
Total	426,111,230.39	323,319,993.66

Changes in liabilities related to financing activities√ Applicable Not Applicable

Unit: RMB

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings	1,212,150,378.85	848,662,378.85	77,877,473.29	524,967,328.95	60,377,250.88	1,553,345,651.16
Long-term borrowings (including long-term)	2,401,996,388.91	1,520,000,000.00	84,048,964.74	1,459,852,467.25		2,546,192,886.40

borrowings due within one year)						
Lease liabilities (lease liabilities due within one year)	290,193,458.01		206,599,216.72	124,009,095.18	44,296,909.59	328,486,669.96
Dividends payable			1,315,273,294.90	1,312,745,014.90		2,528,280.00
Total	3,904,340,225.77	2,368,662,378.85	1,683,798,949.65	3,421,573,906.28	104,674,160.47	4,430,553,487.52

(4) Presentation of cash flows on a net basis

The cash flow related to corporate bank wealth management and large deposit certificate business refers to the cash inflows and outflows of projects with large amounts and short maturities, as presenting the above cash flows on a net basis can better explain their impact on the Company's payment ability and solvency, and is more helpful to evaluate the Company's payment ability and solvency and analyze its future cash flows, the Company presents cash flows related to the above business on a net basis. If cash flows related to the above business are presented on a gross basis, effects on the Company's cash flow statement are as follows:

Unit: RMB

Items	Increase in the current period	Increase in the preceding period
Other cash receipts related to investing activities	2,940,986,500.00	150,599,133.34
Other cash payments related to investing activities	2,940,986,500.00	150,599,133.34

(5) Significant activities not involving cash receipts and payments

Endorsed acceptance and digital electronic debt vouchers that do not involve cash receipts and payments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Endorsed acceptance and digital electronic debt vouchers	281,579,934.53	190,927,646.72
Including: Payment for operating activities	279,607,560.43	186,949,115.96
Payment for investment activities	1,972,374.10	3,978,530.76

61. Supplement information to the cash flow statement**(1) Supplement information to the cash flow statement**

Unit: RMB

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	3,111,725,802.34	2,933,714,738.99
Add: Provision for assets impairment loss	119,299,877.18	106,854,632.83
Depreciation of fixed assets, oil and gas assets, productive biological assets	949,319,337.78	771,658,318.39
Amortization of right-of-use assets		
Amortization of intangible assets	46,184,780.33	26,610,545.56
Amortization of Long-term prepayments	33,329,579.12	28,786,355.23
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-3,016,317.77	-8,741,208.41
Loss on retirement of fixed assets (Less: gains)	17,610,827.38	9,898,626.52
Losses on changes in fair value (Less: gains)	90,733,609.50	-48,123,522.34
Financial expenses (Less: gains)	89,172,608.83	-26,290,649.10
Investment losses (Less: gains)	21,747,950.64	129,866,968.80
Decrease of deferred tax assets (Less: increase)	43,733,315.70	64,726,517.25
Increase of deferred tax liabilities (Less: decrease)	-49,247,094.52	18,753,147.93
Decrease of inventories (Less: increase)	-718,016,907.59	-343,250,556.55
Decrease of operating receivables (Less: increase)	-1,569,723,085.16	-1,398,918,684.91
Increase of operating payables (Less: decrease)	2,076,536,089.83	1,388,702,605.99
Others	107,240,574.77	69,716,518.45
Net cash flows from operating activities	4,366,630,948.36	3,723,964,354.63
2. Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		2,837,347,315.20
New right-of-asset	187,894,829.98	117,529,342.96
3. Net changes in cash and cash equivalents:		
Cash at the end of the period	3,443,502,489.90	3,624,955,498.84

Less: Cash at the beginning of the period	3,624,955,498.84	2,050,328,601.77
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-181,453,008.94	1,574,626,897.07

(2) Net cash paid during the period for acquisition of subsidiaries

Unit: RMB

	Amount
Cash or cash equivalents paid during the period for business combinations occurring during the period	7,700,000.00
Including:	
Deducting : Cash and cash equivalents held by the company on the date of purchase	818,046.75
Including:	
Including:	
Net cash paid for acquisition of subsidiaries	6,881,953.25

(3) Composition of cash and cash equivalents

Unit: RMB

Items	Closing balance	Opening balance
I. Cash	3,443,502,489.90	3,624,955,498.84
Including: Cash on hand	166,912.72	291,216.13
Cash in bank that can be readily drawn on demand	3,443,335,577.18	3,624,655,126.84
Other monetary funds that can be readily for payment		9,155.87
III. Cash and cash equivalents at end of year	3,443,502,489.90	3,624,955,498.84

(4) Situations where the scope of use is limited but still classified as cash and cash equivalents

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Reasons for still being classified as cash and cash equivalents
Cash and bank balances	3,828,084.44	852,004,540.00	Fundraising, special purpose, ready for withdrawal at any time
Total	3,828,084.44	852,004,540.00	

(5) Cash and bank balances that do not belong to cash and cash equivalents

Unit: RMB

Items	Current cumulative period	Preceding comparative period	Reasons that do not belong to cash and cash equivalents
Principal and interest of deposit certificates	1,739,651,183.39	2,883,252,484.14	Management intends to hold on to maturity
Margin deposit	18,151,490.33	35,074,314.10	Liquidity restricted
Futures contract margin	44,063,215.09	41,402,386.85	Liquidity restricted
Frozen bank deposit	3,199,267.50		
Total	1,805,065,156.31	2,959,729,185.09	

62. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and Bank Balances			
Including: USD	106,344,584.14	7.1884	764,447,408.64
EUR	18,530,256.98	7.5257	139,453,154.96
MXN	316,724,426.19	0.3498	110,853,549.17
Other currencies			92,240,013.58
Subtotal			1,106,994,126.35
Accounts receivable			
Including: USD	272,415,399.33	7.1884	1,958,230,856.54
EUR	55,841,682.41	7.5257	420,247,749.33
MXN	3,903,944.94	0.3498	1,366,380.73
Other currencies			118,536,091.07
Subtotal			2,498,381,077.67
Other receivables			
Including: USD	4,663,769.14	7.1884	33,525,038.09
EUR	319,150.56	7.5257	2,401,831.37
MXN	91,264,789.55	0.3498	31,924,423.38
Other currencies			13,542,139.77
Subtotal			81,393,432.61
Long-term receivable			
Including: EUR	22,000.00	7.5257	165,565.40
Subtotal			165,565.40
Derivative financial liabilities			
Including: USD	6,158,575.02	7.1884	44,270,300.67
Other currencies			447,200.25
Subtotal			44,717,500.92
Short-term borrowings			
Including: USD	30,000,000.00	7.1884	215,652,000.00
EUR	91,000,000.00	7.5257	684,838,700.00
Subtotal			900,490,700.00
Accounts payable			
Including: USD	61,692,378.09	7.1884	443,469,490.66
EUR	6,706,473.58	7.5257	50,470,908.22
MXN	191,418,609.18	0.3498	66,996,965.79
Other currencies			42,007,725.48
Subtotal			602,945,090.15
Other payables			
Including: USD	1,351,905.02	7.1884	9,718,034.05

EUR	4,803,713.79	7.5257	36,151,308.88
MXN	2,262,878.42	0.3498	791,554.87
Other currencies			3,467,190.92
Subtotal			50,128,088.72
Non-current liabilities due within one year			
Including: USD	1,585,441.10	7.1884	11,396,784.80
EUR	1,305,092.58	7.5257	9,821,735.23
MXN	21,651,810.06	0.3498	7,578,133.52
Other currencies			8,283,711.25
Subtotal			37,080,364.80
Lease liabilities			
Including: USD	4,529,803.44	7.1884	32,562,039.05
EUR	6,629,977.01	7.5257	49,895,217.98
MXN	151,495,774.96	0.3498	52,993,222.08
Other currencies			20,015,690.67
Subtotal			155,466,169.78

(2) Notes on overseas operating entities, including for the significant overseas operating entities, its main operating locations, reporting currency and the basis for selection should be disclosed, and the reason for changes in reporting currency should also be disclosed.

Applicable Not Applicable

The Company has several overseas subsidiaries, locate in the United States, Europe, Japan, Poland, Mexico, Vietnam and other countries, where US dollars, Euro, Japanese yen, Polish zloty, Mexican pesos Vietnamese dong , etc. are used as the standard reporting currency.

63. Leases

(1) The Company as lessee

1) Please refer to section X (VII) 14 of notes to the consolidated financial statements for details on right-of-use assets.

2) Please refer to notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	20,592,131.51	37,499,886.35
Total	20,592,131.51	37,499,886.35

3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	18,704,386.74	2,624,284.04
Total cash outflows related to leases	144,601,226.69	143,934,130.66

4) Please refer to notes to the financial statements for details on maturity analysis of lease liabilities and related liquidity risk management.

(2) The Company as lessor

1) Operating lease

① Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	19,262,208.26	11,054,740.49
Including: Income relating to variable lease payments not included in the measurement of the lease liabilities	—	—

② Assets leased out under operating leases

Items	Closing balance	December 31, 2022
Fixed assets	38,026,861.17	34,172,628.21
Intangible assets	6,082,450.77	6,297,200.85
Investment property	7,053,153.92	8,165,805.31
Total	51,162,465.86	48,635,634.37

Please refer to notes to the financial statements for details on fixed assets leased out under operating leases.

2) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2022
Within 1 year	7,671,371.57	7,306,068.16
Total	7,671,371.57	7,306,068.16

VIII. R&D Expenses

Expenses on internal research and development projects are recognized in profit or loss when incurred and are not capitalized. For details of the R&D expenditures, please refer to the R&D remarks in “VII. Notes to items in the Consolidated Financial Statements” in “Section X. Financial Reporting” .

IX. Changes in the scope of consolidation

1. Accounting treatment of business combination not under common control

(1) Accounting treatment of business combination not under common control during the period

Unit: RMB

Name of purchased party	Equity acquisition date	Equity acquisition cost	Equity acquisition proportion	Equity acquisition method	Purchase date	Basis for determining the purchase date	Revenue of the purchaser at the end of the purchase period	Net profit of the purchaser as of the end of the purchase date	Cash flow of the purchaser at the end of the purchase period
Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd	2024-9-30	7,700,000.00	100.00%	Agreed to be transferred	2024-9-30	Completion of registration of industrial and commercial changes	65,955,411.78	3,083,107.09	43,952.20

Other remarks:

In September 2024, the company acquired 100% of the equity interest in Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd from Shanghai Elec New Energy Technology Co., Ltd. The equity transaction was priced on the basis of appraised value and the transaction price was 7.7 million.

(2) Consolidation cost and goodwill

Unit: RMB

Item	Amount
Consolidation cost	7,700,000.00
Including: payment by cash	7,700,000.00
Deducting: share of fair value of net identifiable assets acquired	9,797,001.82
Non-operating revenue	2,097,001.82

(3) Identifiable assets and liabilities of the acquiree at the date of purchase

Unit: RMB

	Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd	
	Fair value at date of purchase	Book value at date of purchase
Asset:	117,993,514.84	118,467,910.65
Cash and bank Balances	818,046.75	818,046.75
Accounts receivable	46,428,945.67	46,715,724.01
Inventories	30,762,367.18	29,513,095.25
Non-current assets	4,557,707.15	5,982,290.65
Intangible assets		
Notes receivable	35,263,191.46	35,275,497.36
Construction in progress	163,256.63	163,256.63
Liability:	108,196,513.02	108,196,513.02
Loans	28,363,384.14	28,363,384.14
Accounts payable	76,416,553.93	76,416,553.93
Deferred income tax liabilities		

Employee payable	2,284,142.79	2,284,142.79
Taxes payable	671,930.52	671,930.52
Lease liabilities	460,501.64	460,501.64
Net Assets	9,797,001.82	10,271,397.63
Deducting: Minority interests		
Net Assets acquired	9,797,001.82	10,271,397.63

Method of determining the fair value of identifiable assets and liabilities:

The fair value of the identifiable assets and liabilities of Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd was determined on the basis of the appraised value.

(4) Gains or losses arising from the remeasurement of equity interests held before the date of purchase at fair value

Whether there are transactions in which a business combination is realized in steps through multiple transactions and control is obtained during the reporting period.

Yes No

2. Disposal of subsidiaries

Whether there are any transactions or events during the period in which control of a subsidiary is lost

Yes No

Whether there was a step-by-step disposal of investments in subsidiaries through multiple transactions and loss of control during the period

Yes No

3. Changes in the scope of consolidation due to other reasons

This section describes changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the related information:

(1) Increase in consolidation scope

Subsidiary name	Equity acquisition method	Date of equity acquisition	Actual capital contribution at the end of the period	Proportion of capital contribution
Zhejiang Sanhua Intelligent Drive Co., Ltd.	New investment	2024-06-04	RMB 74.00 million	100%
Zhejiang Shengtai Paper Industry Co., Ltd.	New investment	2024-06-20	RMB 21.00 million	70%
Sanhua Automotive Components (Korea) Co., Ltd.	New investment	2024-07-08	KRW 90,000	100%
SANHUA SINGAPORE HEAT EXCHANGER PTE. LTD	New investment	2024-08-28	0.00	100%
SANHUA INTELLIGENT DRIVES (THAILAND) CO., LTD.	New investment	2024-11-01	0.00	100%
SANHUA TROY PROPERTY MANAGEMENT, LLC	New investment	2024-06-28	0.00	100%

(2) Decrease in consolidation scope

Company name	Equity disposal method	Date of equity disposal	Net asset at the disposal date	Net profit during the period
American Tubing International Leverage lender LLC	Deregister	2024-10-09	—	—

X. Interest in other entities

1. Composition of enterprise group

(1) The company includes subsidiaries such as Zhejiang Sanhua Automotive Components Co., Ltd. in the scope of consolidated financial statements.

(2) Basic information of important subsidiaries

Subsidiary name	Registered capital (million yuan)	Main operating place and place of registration	Business nature	Holding proportion		Acquisition method
				Direct	Indirect	
Zhejiang Sanhua Automotive Components Co., Ltd.	2160	Zhejiang	Automotive components	100.00%		Business combination under common control
Sanhua (hangzhou) Micro Channel Heat Exchanger Co., Ltd	360	Zhejiang	Refrigeration components	100.00%		Business combination under common control
Zhejiang Sanhua Trading Co., Ltd	50	Zhejiang	Refrigeration components	100.00%		Investment and establishment
Zhejiang Sanhua Commercial Refrigeration Co. Ltd	1655.29	Zhejiang	Refrigeration components	100.00%		Investment and establishment
Sanhua International Inc.	37.55 million USD	USA	Business	100.00%		Investment and establishment

2. Transactions in which the share of ownership interest in a subsidiary changes but the subsidiary is still controlled

(1) Description of changes in share of ownership interests in subsidiaries

Subsidiary name	Change Time	Holding proportion before change	Holding proportion after change
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Subsidiy name	Change Time	Holding proportion before change	Holding proportion after change
Hangzhou Leaderway Electronics Co., Ltd.	2024-12-30	71.39%	72.33%

As a result of the one-way capital increase and equity disposal by the minority shareholders, the Company's shareholding in Hangzhou Leaderway Electronics Co., Ltd. (HLE) increased from 71.39% to 72.33%.

(2) Effect of the transaction on minority interests and equity attributable to owners of the parent company

Item	Hangzhou Leaderway Electronics Co., Ltd.
Purchasing cost/Disposal consideration	85,663,678.35
Including:Cash	85,663,678.35
Total purchasing cost/Disposal consideration	85,663,678.35
Deducting:Share of net assets of subsidiaries in proportion to equity acquired/disposed	80,961,615.08
Balance	4,702,063.27

3. Significant wholly-owned subsidiaries

As of December 31, 2024, the company has no significant wholly-owned subsidiaries.

4. Equity in joint ventures or associates

(1) Significant joint ventures and associates

As of December 31, 2024, the company has no significant joint ventures and associates.

(2) Aggregated financial information of insignificant joint ventures and associates

Unit: RMB

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Associates	--	--
Total book value of investment	40,599,793.42	37,924,431.29
Total of the following items calculated by shareholding ratio	8,925,362.13	7,986,227.16
Net profit	8,925,362.13	7,986,227.16

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Total comprehensive income	8,925,362.13	7,986,227.16

XI. Government grants

(1) Government grants increased in the current period

Unit: RMB

Items	Amount
Government grants related to assets	277,350,770.05
Including: Included into deferred income	277,350,770.05
Government grants related to income	156,546,385.56
Including: Included into otherd income	156,546,385.56
Total	433,897,155.61

(2) Government grants recognized based on receivables

Unit: RMB

Items	Closing book balance
Government grants receivable	6,391,391.79
Total	6,391,391.79

(3) Liabilities related to government grants

Unit: RMB

Items	Opening balance	Increase	Carryover	Closing balance	Remarks
Deferred income	379,140,042.48	277,350,770.05	48,736,533.73	607,754,278.80	Related to assets
Total	379,140,042.48	277,350,770.05	48,736,533.73	607,754,278.80	

(4) Government grants included into profit or loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Other income	205,282,919.29	149,107,700.81

Total	205,282,919.29	149,107,700.81
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XII. Risks Related to Financial Instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The company faces various risks related to financial instruments in daily activities, mainly including credit risk, liquidity risk, and market risk. The management has reviewed and approved policies for managing these risks, summarized as follows.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating,

guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. The adjustment table for the opening balance and closing balance of financial instrument loss reserves is detailed in the relevant notes to these financial statements.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

The Company conducts transactions with recognized and creditworthy customers, and credit risk is centrally managed by customers. The Company had certain credit concentration risks, the account receivables mainly originate from the top five customers with outstanding balances. The accounts receivable from the Company's customers have been digitized and electronic, with certain credit liquidity. In addition, the balance of the Company's accounts receivable basically does not hold collateral or other credit enhancements.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

The financial liabilities of the company are classified and presented based on remaining time period till maturity in the table below:

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	1,553,345,651.16	1,570,277,923.11	1,570,277,923.11		
Notes payable	3,791,834,944.38	3,791,834,944.38	3,791,834,944.38		
Accounts payable	5,985,427,008.79	5,985,427,008.79	5,985,427,008.79		
Other payable	545,412,160.30	545,412,160.30	545,412,160.30		
Non-current liabilities due within one year	590,993,952.12	610,683,512.28	610,683,512.28		
Long-term borrowings	2,045,772,594.73	2,146,183,533.34		2,146,183,533.34	
Lease liabilities	237,913,009.51	254,854,902.60		148,585,822.09	106,269,080.51
Subtotal	14,750,699,320.99	14,902,673,984.80	12,503,635,548.86	2,294,769,355.43	106,269,080.51

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	1,212,150,378.85	1,220,397,152.46	1,220,397,152.46		
Notes payable	3,416,711,594.64	3,416,711,594.64	3,416,711,594.64		
Accounts payable	4,449,940,359.81	4,449,940,359.81	4,449,940,359.81		
Other payable	250,642,662.86	250,642,662.86	250,642,662.86		
Non-current liabilities due within one year	1,440,093,253.93	1,451,597,753.93	1,451,597,753.93		
Long-term borrowings	1,030,801,111.13	1,091,440,666.68		1,091,440,666.68	
Lease liabilities	221,295,481.86	227,606,748.42	12,657,389.96	105,453,688.05	109,495,670.41
Subtotal	12,021,634,843.08	12,108,336,938.80	10,801,946,913.66	1,196,894,354.73	109,495,670.41

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest rate risk and exchange rate risk.

1. Interest Rate Risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. Fair value interest risks arise from fixed-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment.

The scale of the company's liabilities need to pay interest is controlled at a reasonable level, and the burden of financial expenses is not heavy. An increase in interest rates within a reasonable range will not have a significant adverse impact on financial performance. The company's management will continue to monitor interest rate levels and take necessary response measures in a timely manner based on the latest market conditions

2. Exchange Rate Risk

The exchange rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates. The company's production base and sales market are distributed in major developed and developing countries, including the United States, the European Union, Japan, India, Mexico, etc. The business volume settled in euros and dollars has a certain proportion, and it faces significant exchange rate risks. Based on internal risk control policies, the company's management has taken several measures to respond exchange rate risks. Firstly, based on the trend of exchange rate fluctuations, timely settlement or delayed settlement of export receipts; secondly, hedge foreign currency monetary assets and control net risk exposure by overseas financing through domestic guarantee and external loan; thirdly, carry out forward exchange settlement and foreign currency swap business, and lock in exchange rates.

The company's foreign currency monetary assets and liabilities at the end of the period are described in the notes to this financial report.

(IV) Financial assets transfer

1. Financial assets derecognized due to transfer

Items	Ways of financial assets transfer	Current transfer amount	Gains or losses	Closing Balance
Bank acceptance bill	Endorsement payment	110,067,406.37		59,521,614.68

	Bank discount	250,629,655.17	-7,455,575.10	75,906,494.00
Total		360,697,061.54	-7,455,575.10	135,428,108.68

2. Financial assets not derecognized due to transfer

Items	Ways of financial assets transfer	Current amount transfer	Gains or losses	Closing Balance
Bank acceptance bill	Bank discount	22,016,350.29	-108,955.87	22,016,350.29
Electronic debt voucher	Endorsement payment	171,512,528.16		76,179,714.02
	Bank discount	27,858,378.84	-286,000.66	7,940,376.79
Total		221,387,257.29	-394,956.53	106,136,441.10

XIII. Disclosure of Fair Values**1. Fair values of the assets and liabilities at the end of the period**

Unit: RMB

Item Name	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
1. Held-for-trading financial assets	6,237,202.48			6,237,202.48
(3) Derivative financial assets	6,237,202.48			6,237,202.48
Total amount of assets constantly measured at their fair values	6,237,202.48			6,237,202.48
6. Held-for-trading liabilities	2,818,599.62	76,859,519.31		79,678,118.93
Derivative financial liabilities	2,818,599.62	76,859,519.31		79,678,118.93
Total amount of liabilities constantly measured at their fair values	2,818,599.62	76,859,519.31		79,678,118.93
II. Non-constant measurement at fair value	--	--	--	--

2. Basis for determining the market price of items under first level constant and non-constant measurement at fair value.

The fair value of futures contracts is measured at the exchange's open market quotes.

3. Items under second level constant and non-constant measurement at fair value, valuation technique adopted, and qualitative and quantitative information of important parameters

The fair value of exchange rate contracts is measured based on the valuation amount of the host bank or the forward foreign exchange rate announced by the Bank of China. Bank financing products are measured based on the valuation amount of the issuer or manager.

XIV. Related party relationships and transactions

1. Parent Company

Parent Company	Place of registration	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
Sanhua Holding Group Co., Ltd	Zhejiang Province	Industrial Investment	730 million yuan	25.41%	43.85%

Remarks on the parent Company:

As of December 31, 2024, Sanhua Holding Group Co., Ltd. (Hereinafter referred to as SHG) directly holds 25.41% of the Company's shares, and indirectly holds 18.44% of the shares through its subsidiaries, for a total of 43.85% of the shares.

The final controllers of the Company are Mr Zhang Daocai, Mr Zhang Yabo and Zhang Shaobo.

2. Information about the Company's subsidiaries

Please refer to Note X: interest in other entities.

3. Joint ventures and associates of the Company

Please refer to Note X: interest in other entities.

Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Associates or joint ventures	Relationship with the Company
Chongqing Tainuo Machinery Co., Ltd	Joint ventures
Qingdao Sanhua Jinlifeng Machinery Co., Ltd	Joint ventures
Zhongshan Xuanyi Pipe Making Co., Ltd	Joint ventures
Ningbo Jinlifeng Machinery Co., Ltd	Joint ventures

4. Other related parties of the Company

Other related parties of the Company	Relationship with the Company
Zhejiang Sanhua Green Energy Industrial Group Co., Ltd.	Shareholders, under the control of the same parent company
Hangzhou Sanhua Research Institute Co., Ltd.	Under the control of the same parent company
Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd	Preceding under ultimate control, transferred in March 2022
Xinchang County Sanhua Property Management Co., Ltd.	Under the control of the same parent company
Shanghai Sanhua Electric Co., Ltd	Under the control of the same parent company

Zhejiang Haoyuan Technology Co., Ltd.	Under the control of the same parent company
Wuhu Alda Technology Co., Ltd.	Joint-stock enterprise of the parent company
Hangzhou Formost Material Technology Co., Ltd	Joint-stock enterprise of the parent company
Ningbo Jiaerling Pneumatic Machinery Co.,Ltd.	Under the control of the same parent company
Jiaerling Technology (Xinchang) Co., Ltd.	Under the control of the same parent company
Tianjin Sanhua Industrial Park Management Co., Ltd.	Under the control of the same parent company
Shaoxing Sanhua Zhiyue Real Estate Development Co., Ltd.	Under the control of the same parent company
Shanghai Shijia Technology Co., Ltd.	Shi Jianhui as director
Ningbo Hongrong Enterprise Management Partnership (Limited Partnership)	Hu Kaicheng as managing partner
FUERDA SMARTECH S DE RL DE CV	Under the control of the same parent company

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving services

Purchase of goods and receiving of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Approved Transaction Limit	Over the Transaction Limit or No	Preceding period comparative
SHG	Services	1,494,694.11	47,500,000.00	No	556,770.56
SHG	Goods			No	33,457.60
ZSGE	Goods	1,813,534.17	60,400,000.00	No	1,975,992.88
ZSGE	Services	3,959,658.63	47,500,000.00	No	4,196,676.62
HSRI	Services	157,297.34	47,500,000.00	No	76,543.03
ZXPM	Goods	14,819,605.75	18,000,000.00	No	19,627,331.84
ZHT	Goods	45,535,835.95	60,400,000.00	No	38,202,410.30
ZHT	Services	867,660.64	47,500,000.00	No	1,939,571.51
QSJM	Goods	3,070,151.05	4,500,000.00	No	4,471,352.50
WAT	Goods	64,339.81	2,300,000.00	No	147,911.48
XCSP	Services	332,250.00	47,500,000.00	No	301,617.92
NJPM	Goods	1,999,658.46	60,400,000.00	No	350,188.20
TSIP	Goods	828,912.63	60,400,000.00	No	919,982.30
TSIP	Services	1,103,978.73	47,500,000.00	No	

Sale of goods and rendering of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
SHG	Goods	203,592.04	2,879.18
SHG	Services	1,684,018.87	1,684,018.88
HFMT	Services	148,754.72	148,754.72
ZHT	Goods		509,001.99
QSJM	Goods	44,612.66	193,143.68
HLNE	Goods		4,167,522.64
CTMC	Goods	623,896.00	
HSRI	Goods	128,997.72	242,670.22
WAT	Services	176,615.08	98,319.77
WAT	Goods	48,785.00	39,567.85
ZXPM	Goods		52,701.18
SSZR	Services		9,905.66
JT	Goods	115,969.81	
NJPM	Goods		178,619.47
NJPM	Services	747,000.00	
SST	Goods	359,383.06	308,194.07
NJM	Goods		584,886.76
ZSGE	Goods	2,239,885.48	
FSS	Services	1,357,776.58	

Remarks of related transactions related to the purchase and sale of goods and the provision and acceptance of services

Due to the large number of related parties involved in related party transactions between the parent Company Sanhua Holding Group Co., Ltd and its subsidiaries, the transaction limit with Sanhua Holdings Group Co., Ltd. and its subsidiaries is approved through a consolidated summary, with a purchase goods limit of 60.40 million yuan, with leases such as purchase of buildings, land and equipment, property management, water and electricity power service fee and purchase of equipment limit of 47.50 million yuan.

(2) Related party leases

The Company as the lessor:

Unit: RMB

Lessees	Types of asset leased	Confirmed rental income	
		Current period	Preceding period
SHG	Office building	5,309,339.45	5,309,339.44
	Dormitory	50,388.70	
SSZR	Office building		48,165.14
HFMT	Plant	300,342.84	300,342.84
WAT	Plant	986,705.00	954,666.15
JT	Plant	457,332.00	
FSS	Plant	1,837,417.42	

The Company as the lessee:

Unit: RMB

Lessor	Types of asset leased	Confirmed rental expenses	
		Current period	Preceding period
HSRI	Office building	762,514.28	1,057,028.58
	Plant	363,085.72	457,371.42
	Dormitory	376,409.97	349,761.47
ZSGE	Dormitory	788,955.44	2,794,933.24

	Plant	5,736,256.28	3,800,609.80
TSIP	Plant	2,147,187.96	1,789,323.30

(3) Assets transfer and debt restructuring of the related parties

Unit: RMB

Related parties	Content of related party transactions	Current period cumulative	Preceding period comparative
SHG	Purchasing vehicles		131,626.41
HSRI	Purchasing equipment		1,120,684.00
SSE	Purchasing vehicles	392,000.00	
ZSGE	Selling equipment	322,253.80	

(4) Key management's emoluments

During the current period, Ningbo Hongrong Enterprise Management Partnership (NHEM) was assigned 0.2% of the Company's equity interest in Hangzhou Leaderway Electronics Co., Ltd (HLE) for a total equity transfer price of 457,552.00 yuan.

(5) Key management's emoluments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	20,870,000.00	17,415,700.00

(6) Other related party transactions

Unit: RMB

Abbreviation of associate	Content of transaction	Current period cumulative	Preceding period comparative
ZSGE	Water and electricity payment	7,267,433.10	8,958,049.18
TSIP	Water and electricity payment	1,451,750.59	1,164,076.58
HSRI	Water and electricity payment	606,666.25	
SHG	Water and electricity collection	814,677.12	830,948.28
HFMT	Water and electricity collection	299,684.21	594,361.13
HSRI	Water and electricity collection	983,376.96	1,833,782.25
WAT	Water and electricity collection	346,006.46	390,267.49
ZSGE	Water and electricity collection	893,528.74	947,855.37
ZHT	Water and electricity collection	28,906,802.42	23,932,470.68

SSZR	Water and electricity collection		3,150.55
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In addition, it is affected by the inconsistency between the registered permanent residence of a few employees and the place of work, there are transactions between related parties that pay employee social insurance premium and housing accumulation fund on behalf of them. In current period, the company pays for the related party RMB 1,430,575.08.

6. Balance due to or from related parties

(1) Receivables

Unit: RMB

Items	Related parties	Closing balance		Opening Balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	HSRI	1,356.00	67.80	2,542.50	127.13
Accounts receivable	QSJM	10,000.00	500.00	10,000.00	500.00
Accounts receivable	SST	125,118.01	6,255.90	48,205.80	2,410.29
Accounts receivable	JT	131,045.90	6,552.30		
Accounts receivable	ZHT	3,059,315.79	152,965.79		
Accounts receivable	CTMC	69,788.70	3,489.44		
Accounts receivable	FSS	3,564,631.94	178,231.60		
Accounts receivable	ZSGE	1,008,480.00	50,424.00		
Other receivables	ZHT	670,000.00	67,000.00	670,000.00	67,000.00
Other receivables	NHEM	457,552.00			
Prepayments	ZXPM			67,660.61	

(2) Payables

Unit: RMB

Items	Related parties	Closing balance	Opening Balance
Accounts payable	QSJM	331,735.80	
Accounts payable	ZHT	4,225,109.49	
Accounts payable	ZXPM	9,233,751.78	
Accounts payable	HSRI	261,150.00	357,150.00
Accounts payable	NJPM	450,664.64	300,646.95
Other payables	HFMT	100,000.00	100,000.00
Other payables	ZSGE	814,340.00	387,216.00
Other payables	XCSP	155,676.00	
Other payables	TSIP		706,263.58

XV. Share-based payment

1. Overall information

Applicable Not applicable

Unit: Ten thousand shares / Ten thousand yuan RMB

Objects	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount

Management personnel	1,049.00	9,938.46			171.60	1,276.70	20.75	175.94
R&D personnel	1,018.50	9,573.90			226.65	1,686.28	25.90	226.02
Sales personnel	240.00	2,256.00			61.35	456.44	1.00	9.40
Production personnel	183.50	1,724.90			53.70	399.53	1.20	10.89
Total	2,491.00	23,493.26			513.30	3,818.95	48.85	422.25

Share options and other equity instruments outstanding at the balance sheet date

√ Applicable □ Not applicable

Objects	Share options outstanding		Other equity instruments outstanding	
	Range of exercise prices	Remaining contractual life	Range of exercise prices	Remaining contractual life
Management personnel			<p>Restricted stock granted in 2024, with an adjusted restricted stock grant price of RMB 11.65.</p> <p>Restricted stock granted in 2022, with an adjusted restricted stock grant price of RMB 9.30.</p>	<p>From the date of grant of restricted stock, unlock in batches within 12 months after 12 months, 24 months, and 36 months.</p>
R&D personnel			<p>Restricted stock granted in 2024, with an adjusted restricted stock grant price of RMB 11.65.</p> <p>Restricted stock granted in 2022, with an adjusted restricted stock grant price of RMB 9.30.</p>	<p>From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.</p>
Sales personnel			<p>Restricted stock granted in 2024, with an adjusted restricted stock grant price of RMB 11.65.</p> <p>Restricted stock granted in 2022, with an adjusted restricted stock grant price of RMB 9.30.</p>	<p>From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.</p>
Production personnel			<p>Restricted stock granted in 2024, with an adjusted restricted stock grant price of RMB 11.65.</p> <p>Restricted stock</p>	<p>From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.</p>

			granted in 2022, with an adjusted restricted stock grant price of RMB 9.30.	
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Other Remarks:

(1) Incentive plan for Restricted stock implemented in 2022

In May 2022, the Company implemented a restricted stock incentive plan for core employees. Among them, the number of restricted stocks granted was 17.5850 million shares, the number of stock appreciation rights granted was 0.4850 million shares, and the grant price per share was RMB 10.00. The grant date was May 31, 2022, and it will be unlocked year by year in batches at a ratio of 30%:30%:40%.

In September 2022, the Company implemented the 2022 semi-annual equity distribution. In June 2023, the Company implemented the 2022 equity distribution. In October 2023, the Company implemented the 2023 semi-annual equity distribution. In June 2024, the Company implemented the 2023 equity distribution. In September 2024, the Company implemented the 2024 semi-annual equity distribution. According to the method stipulated in the "2022 Restricted Stock Incentive Plan" and "2022 Stock Appreciation Rights Incentive Plan", the exercise price and quantity of the underlying stocks involved were adjusted accordingly. After the adjustment, the number of restricted stocks granted was 17.5850 million shares, the number of stock appreciation rights granted was 0.4850 million shares, and the grant price per share was RMB 9.30.

(2) Incentive plan for Restricted stock implemented in 2024

In May 2024, the Company implemented a restricted stock incentive plan for core employees. Among them, the number of restricted stocks granted was 24.5700 million shares, the number of stock appreciation rights granted was 0.5600 million shares, and the grant price per share was RMB 12.00. The grant date was May 13, 2024, and it will be unlocked year by year in batches at a ratio of 30%:30%:40%.

In June 2024, the Company implemented a restricted stock incentive plan for core employees. Among them, the number of restricted stocks granted was 0.34 million shares, and the grant price per share was RMB 11.75. The grant date was June 3, 2024, and it will be unlocked year by year in batches at a ratio of 30%:30%:40%.

In June 2024, the Company implemented the 2023 equity distribution. In September 2024, the Company implemented the 2024 semi-annual equity distribution. According to the method stipulated in the "2024 Restricted Stock Incentive Plan" and "2024 Stock Appreciation Rights Incentive Plan", the exercise price and quantity of the underlying stocks involved were adjusted accordingly. After the adjustment, the number of restricted stocks granted was 24.9100 million shares, the number of stock appreciation rights granted was 0.5600 million shares, and the grant price per share was RMB 11.65.

2. Equity-settled share-based payment

(1) Incentive plan for Restricted stock implemented in 2022

Unit: RMB

Determination method and important parameters for grant-date fair value of equity instruments	Calculated based on the closing price of the stock on the grant date minus the grant price of the restricted stock.
Determination method for the number of equity instruments expected to vest	[Note]
Reasons for significant difference between the estimates in current period and preceding period	Not applicable
Capital reserve accumulated due to equity-settled	120,764,013.33

share-based payment	
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Note: In 2022, the Company initially granted 17.5850 million shares restricted stocks to incentive object. The number is the base, it will be unlocked year by year in batches at a ratio of 30%:30%:40%. The Company estimates the number of exercisable equity instruments on the following basis: the Company's operating performance can meet the target, the future voluntary turnover rate of the incentive objects is 0%, and the performance appraisal level is above C (the unlocking coefficient is 1).

(2) Incentive plan for Restricted stock implemented in 2024

Unit: RMB

Determination method and key parameters of grant-date fair value of equity instruments	Calculated based on the closing price of the stock on the grant date minus the grant price of the restricted stock.
Determination method for the number of equity instruments expected to vest	[Note]
Reasons for significant difference between the estimates in the current period and preceding period	Not applicable
Capital reserve accumulated due to equity-settled share-based payment	85,102,354.72

Note: In 2024, the Company initially granted 24.9100 million shares restricted stocks to incentive object. The number is the base, it will be unlocked year by year in batches at a ratio of 30%:30%:40%. The Company estimates the number of exercisable equity instruments on the following basis: the Company's operating performance can meet the target, the future voluntary turnover rate of the incentive objects is 0%, and the performance appraisal level is above C (the unlocking coefficient is 1).

3. Cash-settled share-based payment

Determination method and key parameters of the fair value of liability incurred by the Company and to be settled in cash or other equity instruments	Calculated based on the closing price of the stock on the balance sheet date minus the grant price of the stock appreciation rights
Accumulated amount of liabilities incurred due to cash-settled share-based payment	9,197,300.00

4. Share-based payment expense in the current period

Applicable Not Applicable

Unit: RMB

Objects	Equity-settled share-based payment	Cash-settled share-based payment
Management personnel	44,268,047.58	2,606,390.00
R&D personnel	45,400,398.91	
Sales personnel	11,226,875.64	
Production personnel	8,175,250.93	
Total	109,070,573.06	2,606,390.00

XVI. Commitments and contingencies

1. Significant commitments

Significant contingencies existing on the balance sheet date

With the approval of the CSRC in document CSRC License [2021] No. 168, the Company publicly issued 30

million convertible corporate bonds in June 2021, with a face value of 100 yuan each and net amount of raised funds is 2,987.53 million yuan. In addition to replenishing working capital, the raised funds are committed to the following projects:

Investment projects with raised funds	Committed capital	Actual capital
Annual production of 65 million sets of commercial refrigeration and air conditioning intelligent control components construction project	1487 million yuan	1214.2889 million yuan
Annual output of 50.5 million sets of high efficiency and energy saving refrigeration and air conditioning control components project	698 million yuan	397.0674 million yuan

2. Contingencies

(1) If no significant contingent matter to be disclosed by the Company, it should also be noted accordingly

No important contingent matter needs to be disclosed by the Company.

(2) Other information required by the industry information disclosure guidelines

The Company shall comply with the disclosure requirements of automobile manufacturing related industries in the guidelines for self discipline supervision of listed companies of Shenzhen Stock Exchange No. 3 - industry information disclosure. The sales amount in the modes of mortgage sales and financial leasing accounts for more than 10% of the operating revenue

Applicable Not Applicable

Guarantee of the company to the distributor

Applicable Not Applicable

XVII. Events after the balance sheet date

1. Notes of other events after the balance sheet date

(1) Dividend distribution

According to the profit distribution plan of 2024 approved by the board of directors of the Company on March 25, 2025, cash dividends of 2.5 yuan (including tax) for every 10 shares will be distributed to all shareholders based on 3,730,997,314 share (deducting repurchase account 1,392,221 shares), no bonus shares will be given, and no capital reserve will be converted into share capital. The profit distribution plan has yet to be considered and approved by the general meeting of shareholders.

(2) Share issue

On January 15, 2025, the Company submitted an application to The Stock Exchange of Hong Kong Ltd. (SEHK) for an initial public offering of H shares and listing on the Main Board of the Hong Kong Stock Exchange in February, 2025, the China Securities Regulatory Commission (CSRC) received the application materials submitted by the Company for filing the application for issuance of overseas listed shares (H shares). At present, the issuance of H shares by the Company is in normal progress.

XVIII. Other Significant Events

1. Segment information

(1) Basis for reportable segments and the accounting policy

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system, etc., and identified the reportable segments based on products.

(2) Financial information of the reporting subsection

Unit: Ten thousand yuan RMB

Items	2024			
	Operating revenue	Operating cost	Total assets	Total liabilities
Refrigeration and air-conditioning electrical components business	1,656,060.54	1,203,098.60	2,184,524.32	1,003,349.94
Automotive components business	1,138,655.91	823,884.76	1,450,950.52	680,160.55
Total	2,794,716.45	2,026,983.36	3,635,474.84	1,683,510.49

Items	2023			
	Operating revenue	Operating cost	Total assets	Total liabilities
Refrigeration and air-conditioning electrical components business	1,464,413.52	1,054,785.21	2,009,461.39	819,136.48
Automotive components business	991,366.69	722,600.69	1,179,597.09	563,551.23
Total	2,455,780.21	1,777,385.90	3,189,058.48	1,382,687.71

XIX. Notes to items of parent company financial statements

1. Accounts receivable

(1) Disclosure of accounts receivable by aging

Unit: RMB

Aging	Closing balance	Opening balance
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Within 1 year (Including 1 year)	1,085,876,689.00	712,624,340.09
1 to 2 year	327,234.66	5,846,510.80
2 to 3 year	5,775,745.51	
Total	1,091,979,669.17	718,470,850.89

(2) Disclosure of accounts receivable by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Carrying amount	Book balance		Provision for bad debt		Carrying amount
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Receivables with provision made on an individual basis	866,139,797.87	79.32%	288,787.28	0.03%	865,851,010.59	531,943,381.96	74.04%	5,690,817.36	1.07%	526,252,564.60
Including:										
Receivables with provision made on a collective basis	225,839,871.30	20.68%	11,308,355.30	5.01%	214,531,516.00	186,527,468.93	25.96%	9,334,158.12	5.00%	177,193,310.81
Including:										
Total	1,091,979,669.17	100.00%	11,597,142.58	1.06%	1,080,382,526.59	718,470,850.89	100.00%	15,024,975.48	2.09%	703,445,875.41

Provision for bad debts by individual basis: There were no significant individual accounts receivable for which provision for bad debts was required to be disclosed during the period.

Provision made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	225,512,636.64	11,275,631.83	5.00%
1 to 2 year	327,234.66	32,723.47	10.00%
Total	225,839,871.30	11,308,355.30	--

If the provision for bad debt of accounts receivable is accrued in accordance with the general expected credit loss model:

√ Applicable □ Not applicable

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Next 12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance on January 1, 2024	9,318,588.78	15,569.34	5,690,817.36	15,024,975.48
Balance in current period on January 1, 2024				
Provision made in current period	1,957,043.05	17,154.13		1,974,197.18
Provision reversed in current period			5,402,030.08	5,402,030.08
Balance on December 31, 2024	11,275,631.83	32,723.47	288,787.28	11,597,142.58

(3) Provision for bad debt accrued, recovered or reversed in current period

Provision for bad debt accrued in current period:

Unit: RMB

Category	Opening balance	Changed amount of the current period				Closing balance
		Accrued	Recovered or reversed	Write off	Others	
Provision made on an individual basis	5,690,817.36		5,402,030.08			288,787.28
Receivables with provision made on a collective basis	9,334,158.12	1,974,197.18				11,308,355.30
Total	15,024,975.48	1,974,197.18	5,402,030.08			11,597,142.58

The significant amount of bad debt provision recovered or reversed during the period :

Unit: RMB

Name of Corporation	Amount Recovered or Reversed	Reason for Reversal	Method of Recovery	Basis for the proportion of the original provision for bad debts and its reasonableness
You Vinya (Thailand) Co., Ltd	5,402,030.08	Payment received	Payback	Amounts recovered after the period
Total	5,402,030.08			

(4) Top 5 of accounts receivable

Closing balance of top 5 debtors totaled 749.3440 million yuan, accounting for 68.62% of the total closing balance of accounts receivable.

2. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Dividend receivable	16,559,297.60	550,000,000.00
Other receivables	526,602,586.29	1,719,591,236.02
Total	543,161,883.89	2,269,591,236.02

(1) Dividend receivable

Classification of dividends receivable

Unit: RMB

Items	Closing balance	Opening balance
Zhejiang Sanhua Climate & Appliance Controls Group Co.,Ltd		550,000,000.00
Xinchang Sitong Electrical and Mechanical Co., Ltd	16,559,297.60	
Total	16,559,297.60	550,000,000.00

(2) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Other receivables categorized by nature	Closing balance	Opening balance
Principal and interest of capital assistance to subsidiaries	477,260,693.52	1,708,500,801.49
Tax refund receivable	70,713,817.52	6,387,103.55
Equity transfers	6,154,074.80	
Others	7,084,314.10	5,207,052.58
Total	561,212,899.94	1,720,094,957.62

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	560,581,207.52	1,718,634,775.79
1 to 2 years	6,235.00	793,523.42
2 to 3 years	93,523.42	481,517.41
Over 3 years	531,934.00	185,141.00
Total	561,212,899.94	1,720,094,957.62

3) Disclosure of other receivables by bad debt provision method

Unit: RMB

Category	Closing balance				Net book value	Opening balance				
	Book value		Provision for bad debt			Book value		Provision for bad debt		Net book value
	Amount	Proportion	Amount	Accrued		Amount	Proportion	Amount	Accrued	

				proportion					proportion	
Receivables with provision made on an individual basis	554,267,885.14	98.76%	34,000,000.00	6.13%	520,267,885.14	1,714,887,905.04	99.70%			1,714,887,905.04
Including:										
Receivables with provision made on a collective basis	6,945,014.80	1.24%	610,313.65	8.79%	6,334,701.15	5,207,052.28	0.30%	503.721.60	9.67%	4,703,330.98
Including:										
Total	561,212,899.94	100.00%	34,610,313.65	6.17%	526,602,586.29	1,720,094,957.32	100.00%	503.721.60	0.03%	1,719,591,236.02

Provision made on an individual basis:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accrued proportion	Accrued reason
Tax refund receivable	6,387,103.55		70,713,817.52			—
Several subsidiaries	1,708,500,801.49		477,399,992.82	34,000,000.00		—
Total	1,714,887,905.04		548,113,810.34	34,000,000.00		

Provision made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	6,313,322.38	315,666.12	5.00%
1 to 2 year	6,235.00	623.50	10.00%
2 to 3 year	93,523.42	28,057.03	30.00%
3 to 4 year	531,934.00	265,967.00	50.00%
Total	6,945,014.80	610,313.65	

Provision for bad debts based on the general model of expected credit losses:

Unit: RMB

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Next 12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance on January	187,343.54	79,352.34	237,025.72	503,721.60

1, 2024				
Balance in current period on January 1, 2024				
--Transferred to phase II	-311.75	311.75		
--Transferred to phase III		-18,704.68	18,704.68	
Provision made in current period	128,634.33	-60,335.91	38,293.63	106,592.05
Balance on December 31, 2024	315,666.12	623.50	294,024.03	610,313.65

Loss provisions for significant changes in book value in current period

Applicable Not Applicable

4) Top 5 debtors with the largest other receivables balances

Unit: RMB

Debtors	Nature of receivables	Closing balance	Age	Proportion to the total balance of other receivables	Provision for bad debt at the end of the period
Hangzhou Leaderway Electronics Co., Ltd	Financial aid	104,180,000.00	Within 1 year	18.56%	
Sanhua New Energy Thermal Management Technology (Hangzhou) Co., Ltd	Financial aid	86,000,000.00	Within 1 year	15.32%	
Domestic tax bureau	Tax refund receivable	70,713,817.52	Within 1 year	12.60%	
Sanhua (Jiangxi) Self-control Components Co., Ltd	Financial aid	70,000,000.00	Within 1 year	12.47%	
Wuhu Sanhua Refrigeration Fittings Co., Ltd.	Financial aid	49,080,693.52	Within 1 year	8.75%	
Total		379,974,511.04		67.70%	

3. Long-term equity investments

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	9,273,524,116.60	152,115,412.08	9,121,408,704.52	8,846,816,951.56		8,846,816,951.56
Investments in associates and joint ventures	34,628,346.90		34,628,346.90	33,316,317.01		33,316,317.01
Total	9,308,152,463.50	152,115,412.08	9,156,037,051.42	8,880,133,268.57		8,880,133,268.57

(1) Investments in subsidiaries

Unit: RMB

Investees	Opening balance(Carrying amount)	Opening balance of provision for impairment	Changed amount of the current period				Closing balance (Carrying amount)	Closing balance of provision for impairment
			Investments increased	Investments decreased	Provision for impairment	Others		
Zhejiang Sanhua Automotive Components Co., Ltd.	2,736,994,138.03		31,501,667.91				2,768,495,805.94	
Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd	661,662,655.05		8,045,581.36				669,708,236.41	
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	1,376,473,565.88						1,376,473,565.88	
Sanhua International Inc.	307,863,648.30						307,863,648.30	
Sanhua International Singapore Pte. Ltd	959,288,106.40		170,713,194.88				1,130,001,301.28	
Wuhu Sanhua Automatic Control Components Co., Ltd	294,042,343.47		821,714.60				294,864,058.07	
Sanhua (Jiangxi) Self-control Components Co., Ltd	94,227,657.67		406,579.52				94,634,237.19	
Xinchang	138,940,625.94		1,558,597.68				140,499,223.6	

Sitong Electrical and Mechanical Co., Ltd							2	
Zhejiang Sanhua Commercial Refrigeration Co. Ltd	1,659,471,139.20		12,028,216.55				1,671,499,355.75	
Zhejiang Sanhua Trading Co. Ltd	59,656,207.70		3,160,519.80				62,816,727.50	
Changzhou Ranco Reversing value Co., Ltd	62,541,614.60						62,541,614.60	
Hangzhou Leaderway Electronics Co., Ltd	57,600,171.50		90,547,904.50				148,148,076.00	
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	33,693,798.36		483,491.08				34,177,289.44	
Zhongshan Sanhua Air conditioning Refrigeration Components Co., Ltd	5,840,963.15		540,907.24				6,381,870.39	
Wuhan Sanhua Refrigeration Components Co., Ltd	5,291,974.78		508,029.55				5,800,004.33	
Zhongshan Sanhua Refrigeration Components	6,803,867.94		503,428.33				7,307,296.27	

nts Co., Ltd								
Suzhou Sanhua Air-Conditioner Parts Co.,Ltd	9,261,580.01		245,387.88				9,506,967.89	
Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd.	153,515,398.66		1,070,504.27				154,585,902.93	
Zhejiang Sanhua Minshi Automotive Components Co., Ltd	51,000,000.00		103,522.73				51,103,522.73	
Sanhua New Energy Thermal Management Technology (Hangzhou) Co., Ltd	142,647,494.92		9,467,917.16		152,115,412.08			152,115,412.08
Zhejiang Xianji Intelligent Technology Co., Ltd	30,000,000.00						30,000,000.00	
Zhejiang Sanhua Intelligent Drive Co., Ltd.			74,000,000.00				74,000,000.00	
Zhejiang Shengtai Paper Industry Co., Ltd.			21,000,000.00				21,000,000.00	
Total	8,846,816,951.56		426,707,165.04		152,115,412.08		9,121,408,704.52	152,115,412.08

(2) Investments in associates and joint ventures

Unit: RMB

Investees	Opening balance (Carrying amount)	Opening balance of provision for impairment	Changed amount of the current period								Closing balance (Carrying amount)	Closing balance of provision for impairment	
			Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others			
I . Joint ventures													
II . Associates													
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	4,941,151.03				505,377.08							5,446,528.11	
Chongqing Tainuo Machinery Co., Ltd.	18,304,176.79				3,097,829.03				-5,000,000.00			16,402,005.82	
Ningbo Jinlifeng Machinery Co., Ltd	2,818,824.39				1,020,308.31				-1,250,000.00			2,589,132.70	
Qingdao Sanhua Jinlifeng Machinery Co., Ltd.	5,405,402.11				2,882,297.98							8,287,700.09	
Xinchang Zhejiang	1,846,762.69				56,217.49							1,902,980.18	

energy sanhua comprehensive energy co. LTD											
Subtotal	33,316,317.01				7,562,029.89			-6,250,000.00			34,628,346.90
Total	33,316,317.01				7,562,029.89			-6,250,000.00			34,628,346.90

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

Applicable Not Applicable

The recoverable amount is determined based on the present value of expected future cash flows

Applicable Not Applicable

4. Operating revenue and Operating cost

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	6,183,290,983.32	4,796,719,010.39	5,648,172,805.20	4,291,163,249.20
Other operations	407,244,748.02	365,118,626.80	387,451,637.45	360,295,603.24
Total	6,590,535,731.34	5,161,837,637.19	6,035,624,442.65	4,651,458,852.44

5. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	7,562,029.89	6,857,976.74
Dividend income	1,009,704,255.08	815,502,001.82
Investment income of bank financing products	2,171,472.82	171,131.50
Income of bank financial products during the holding period	5,641,200.00	
Gains and losses on settlement of futures contracts	8,386,131.45	6,112,835.61
Gains and losses on settlement of foreign exchange contract	-1,757,270.34	2,462,740.20
Interest Income of fund	15,152,266.59	22,722,372.50
Advance payment gains	2,140,426.06	1,868,809.93
Total	1,049,000,511.55	855,697,868.30

6. Others

R&D expenses

Unit: RMB

Items	2024	2023
Labor cost	162,257,160.82	136,148,043.78
Share-based payment of remuneration	18,041,878.69	
Direct input costs	77,741,383.01	93,014,421.12
Depreciation and amortization expense	9,785,151.36	8,741,825.68
Royalties	3,120,319.51	1,991,176.57
Outsourcing R&D expense		550,514.94
Others	2,613,241.66	6,221,895.25
Total	273,559,135.05	246,667,877.34

XX. Supplementary information

1. Non-recurring profit or loss in current period

√ Applicable □ Not Applicable

Unit: RMB

Items	Amount	Remarks
Gains or loss on disposal of non-current assets	-14,594,509.61	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	124,291,859.56	
Gains or losses on changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities, and other debt investments, excluding those arising from hedging business related to operating activities	-134,349,605.35	In order to avoid the price risk of raw materials and prevent exchange rate risk, the Company and its subsidiaries have carried out derivatives business, including futures contracts and foreign exchange forward contracts. In 2024, the futures gain was 8.5920 million yuan and the foreign exchange loss was 142.9416 million yuan; In 2023, the futures loss was 9.5091 million yuan and the foreign exchange loss was 99.3840 million yuan. Meanwhile, the exchange income was 83.1539 million yuan in 2024, the exchange income was 133.5151 million yuan in 2023. According to “the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Profit or Loss”, exchange gains and losses are recurring gains and losses, and Futures and forward gains and losses are non-recurring gains and losses.
Reversal of provision for impairment of receivables individually tested for impairment	5,690,817.36	
Gains the cost of investments in subsidiaries, associates and joint ventures by an enterprise is less than the fair value of the investee's identifiable net assets at the time of acquisition	2,097,001.82	

Other non-operating revenue or expenditures except the above items	-2,855,012.54	
Less: Enterprise income tax affected	-2,401,931.56	
Non-controlling interest affected (after tax)	1,452,567.55	
Total	-18,770,084.75	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not Applicable

The Company has no specific circumstances of other profit and loss items that meet the definition of non-recurring profit and loss.

For items defined as non-recurring profit or loss according to “the No. 1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to Public - Non-recurring Profit or Loss”, non-recurring profit or loss items listed in the said document defined as project of recurring profit or loss, specify the reason

Applicable Not Applicable

2. ROE and EPS

Profit of the reporting period	Weighted average ROE	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	16.77%	0.84	0.84
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	16.88%	0.84	0.84

3. Financial data variance between financial reporting prepared under domestic and abroad accounting standards

(1) Differences of net profits and net assets in the financial reports disclosed according to the IFRS and Chinese Accounting Standards

Applicable Not Applicable

(2) Differences of net profits and net assets in the financial reports disclosed according to the overseas accounting standards and Chinese Accounting Standards

Applicable Not Applicable

(3) Explanation of the reasons for differences in accounting data under domestic and foreign accounting standards. If adjusting for differences in data already audited by overseas auditing institutions, the name of the overseas institution should be indicated

4. Calculation process for weighted average ROE

(1) Weighted average net assets

Changes in net assets	Amount	Weighted by month	Weighted average net assets
-----------------------	--------	-------------------	-----------------------------

Net assets attributable to ordinary shareholders of the company at the beginning of the period	17,894,403,984.79	12/12	17,894,403,984.79
Net profit attributable to ordinary shareholders of the company this period	3,099,165,128.06	6/12	1,549,582,564.03
Cash dividend for the year 2023	-926,626,153.50	7/12	-540,531,922.88
Cash dividend for the semi year 2024	-373,118,861.40	4/12	-124,372,953.80
Dividends on restricted shares not yet released from lock-up	3,057,250.00	7/12	1,783,395.83
	3,196,500.00	4/12	1,065,500.00
Repurchase of shares	-299,977,735.21	—	-257,817,162.14
Net assets increased from unlocking of restricted shares for equity incentives	48,250,200.00	6/12	24,125,100.00
Equity-settled share-based payment remuneration	109,070,573.06	6/12	54,535,286.53
Impact on current income tax benefit due to difference in calculation caliber between accounting cost and tax cost of share-based payment compensation	-1,829,998.29	6/12	-914,999.15
Decrease in net assets from capital increase by minority shareholders of Hangzhou Leaderway Electronics Co., Ltd	-4,702,063.27	—	
Difference in translation of foreign currency statements	-253,119,717.76	6/12	-126,559,858.88
Net assets attributable to the company's common shareholders at the end of the period	19,297,769,106.48		18,475,298,934.35

(2) Weighted average ROE

Item	Notes	Current period cumulative
Net profit attributable to ordinary shareholders of the company	A	3,099,165,128.06
Net non-recurring profit or loss attributable to owners of the parent company	B	-18,770,084.75
Net profit attributable to ordinary shareholders of the company after extraordinary gains and losses	C=A-B	3,117,935,212.81
Weighted average net assets	D	18,475,298,934.35
Weighted average ROE	E=A/D	16.77%
Weighted average ROE after extraordinary gains and losses	F=C/D	16.88%

5. The calculation process of basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Item	Notes	Current period amount
Net profit attributable to ordinary shareholders of the company	A	3,099,165,128.06
Net non-recurring gains and losses attributable to owners of the parent company	B	-18,770,084.75
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	C=A-B	3,117,935,212.81

Cash dividends allocated to holders of restricted stock expected to be unlocked in the future	D	6,253,750.00
Total number of shares outstanding at the beginning of the period (excluding treasury shares and restricted stock)	E	3,707,536,608.00
Weighted average number of repurchased shares	F	-11,387,189.25
Number of shares that have been unlocked	G	2,566,500.00
Weighted average number of ordinary shares outstanding (excluding restricted stock)	H[Notes]	3,698,715,918.75
Basic earnings per share	I=A/H	0.84
Diluted earnings per share after deducting non-recurring gains and losses	J=C/H	0.84

Notes: $H=E+F+G$

(2) Diluted earnings per share

Item	Notes	Current period amount
Net profit attributable to ordinary shareholders of the company	A	3,099,165,128.06
Net non-recurring gains and losses attributable to owners of the parent company	B	-18,770,084.75
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	C=A-B	3,117,935,212.81
Total number of shares outstanding at the beginning of the period (excluding treasury shares and restricted stock)	D	3,707,536,608.00
Weighted average number of repurchased shares	E	-11,387,189.25
Weighted average number of shares increased due to the unlocking of restricted stock under equity incentive plans	F	10,528,366.70
Weighted average number of ordinary shares outstanding	G[Notes]	3,706,677,785.45
Basic earnings per share	H=C/J	0.84
Diluted earnings per share after deducting non-recurring gains and losses	I=E/J	0.84

Notes: $G=D+E+F$