

Zhejiang Sanhua Intelligent Controls Co., Ltd.

2024 Semi-Annual Report



August 2024

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 bear 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 forward-looking statements contained in this report do not constitute substantial commitments by the Company to investors, and investors are advised to be aware of the investment risks.

The Company describes in detail concerning the possible risks and countermeasures in Section X "Risks and Countermeasures of the Company" under Section III "Management's Discussion and Analysis of Operations". Please pay particular attention to relevant contents.

The profit distribution proposal of the Company considered and approved by the Board of Directors is as follows: on the basis of 3,731,414,614, the cash dividend of RMB1.00 (tax inclusive) will be distributed to all shareholders for every 10 shares, 0 bonus shares will be given out (tax inclusive), and there will be no transfer of capital to share capital from the provident fund.

Note: the Company's share capital is 3,732,615,535 shares, the number of shares repurchased is 1,200,921 shares. In accordance with “the Company Law”, shares of the Company held by the listed company through special account for share buyback shall not be entitled to participate in the distribution of profits and capitalisation of capital reserve.

If the total share capital of the Company changes due to conversion of convertible bonds, share repurchase, exercise of share incentives, listing of additional shares for refinancing, etc. prior to the implementation of the distribution plan, the total amount of distribution will be adjusted accordingly on the basis of the principle of unchanged distribution ratio.

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List of Documents Available for Inspection

1. The 2024 Semi-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. The Company's articles of association
4. Original copy of all the Company's documents and announcements published on the newspapers designated by CSRC within the reporting period
5. 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	Refers to	General Meeting of Zhejiang Sanhua Intelligent Controls Co., Ltd.
The Board of Directors	Refers to	The Board of Directors of Zhejiang Sanhua Intelligent Controls Co., Ltd.
The 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 where the shares of the Company are listed	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 (if any)	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		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Hu Kaicheng	Wang Yutong
Address	Office building in Sanhua Industrial Park, No. 289 12th Baiyang Street, Qiantang New District, Hangzhou, Zhejiang	Office Building in Sanhua Industrial Park No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang
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E-mail	shc@zjshc.com	shc@zjshc.com

III. Other Relevant Information

1. Company's contact information

Whether there is any change in the Company's registered address, office address, zip code, website or email address during the reporting period.

Applicable Not applicable

During the reporting period, there were no changes in the Company's registered address, the address of the Company's office and its postal code, the Company's website or e-mail address. Please refer to the 2023 Annual

Report for details.

2. Information disclosure and place of the report

Whether there is any change in information disclosure and place of the report during the reporting period.

Applicable Not applicable

During the reporting period, there were no changes in the stock exchange website, media and website for disclosing the semi-annual report, as well as the location of the Company's semi-annual report. Please refer to the 2023 Annual Report for details.

3. Other relevant information

Whether other relevant information has changed during the reporting period

Applicable Not applicable

IV. Key Accounting Information and Financial Indicators

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

Yes No

	Current Reporting Period	Corresponding Period of Last Year	YoY Change (%)
Total Revenue (RMB)	13,676,072,161.08	12,528,920,625.59	9.16%
Net Profit Attributable to Shareholders of the Listed Company (RMB)	1,514,515,444.75	1,394,760,848.85	8.59%
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-recurring Gains and Losses (RMB)	1,526,827,093.52	1,467,390,266.69	4.05%
Net Cash Flow Generated from Operational Activities (RMB)	1,161,629,876.17	1,718,673,593.61	-32.41%
Basic Earnings per Share (RMB/Share)	0.40	0.39	2.56%
Diluted Earnings per Share (RMB/Share)	0.40	0.39	2.56%
Weighted Average ROE	8.32%	10.17%	-1.85%
	At the End of the Current Reporting Period	At the End of Last Year	YoY Change (%)
Total Assets (RMB)	33,100,790,488.42	31,890,584,773.41	3.79%
Net Assets Attributable to Shareholders of the Listed Company (RMB)	18,042,163,085.12	17,894,403,984.79	0.83%

V. Differences in Accounting Data between Domestic and Overseas Accounting Standards**1. Difference in net profits and net assets of this financial report between International Financial Reporting Standards and China Accounting Standards**

Applicable Not applicable

There is no difference in net profits and net assets of this financial report between International Financial Reporting Standards (IFRS) and China Accounting Standards in the reporting period.

2. Difference in net profits and net assets of this financial report between Overseas Accounting Standards and China Accounting Standards

Applicable Not applicable

There is no difference in net profits and net assets of this financial report between Overseas Accounting Standards and China Accounting Standards in the reporting period.

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

Applicable Not applicable

Unit: RMB

Items	Amount	Note
Gains or Losses from Disposal of Non-current Assets (Including the Write-off for the Accrued Impairment of Assets)	-6,146,341.57	
Government grants recognised in the current period's profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuing impact on the Company's profit or loss)	51,359,679.62	
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	-62,865,867.03	In order to avoid raw material price risk and prevent exchange rate risk, the Company and its subsidiaries carried out derivatives business, including futures contracts and foreign exchange forward contracts, etc. From January to June 2024, futures gained RMB 13.1419 million and forward loss was RMB 76.0077 million, and from January to June 2023, futures gained RMB 4.3452 million and forward loss was RMB 137.708 million. Therefore, the amount of non-recurring profit and loss items in the first half of the two years generated large fluctuations. Meanwhile, the exchange gain from January to June 2024 was RMB42.0242 million, and the exchange gain from January to June 2023 was RMB194.1929 million. According to "Interpretative

		Announcement No. 1 on Information Disclosure of Companies Issuing Public Securities - Non-recurring Gains and Losses", exchange gains and losses are recurring profit and loss items, and futures, forward gains and losses are non-recurring profit and loss items.
Non-operating Revenue and Expenditures Other Than the Above	1,932,406.50	
Other Gains and Losses Items that Fit in the Definition of Non-recurring Gains and Losses	1,520,214.66	
Less: Impact of Income Tax	-3,260,821.02	
Impact of Minority Equity (after tax)	1,372,561.97	
Total	-12,311,648.77	

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

Applicable Not applicable

The Company has no circumstances of other gains and losses 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

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

Section III Management's Discussion and Analysis of Operations

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

1. Main business operations

The Company adheres to the "Dedication and Leadership, Innovation and Surpassing" business path, take the research and application of heat pump technology and thermal management system products as the core, focuses on the development of environmental thermal management solutions for heat and cold conversion and intelligent temperature control, commits to specialized operations in the fields of building HVAC, electrical equipment and thermal management of NEVs. According to the different stages and characteristics of strategic and mature business development, 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 building HVAC, electrical equipment specialized operation, the main products include Four-way Reversing Valve, Electronic Expansion Valve, Solenoid Valve, Microchannel Heat Exchanger, Omega Pumps, etc., which widely used in air conditioning, refrigerators, cold chain logistics, dishwashers and other fields; Automotive components business focuses on in depth research in the field of automotive thermal management, the main products include Thermal Expansion Valve, Electronic Expansion Valve, Electronic Water Pump, New Energy Vehicle Thermal Management Integrated Modules, etc., widely used in both NEVs and ICVs. There were no changes in the Company's principal business and business model during the reporting period.

2. Industry development

(1) Refrigeration and air conditioning electrical components industry

With the global trend of environmental protection and carbon reduction, the proposal of China's "dual carbon" goals, and the improvement of intelligent refrigeration and air conditioning equipment and energy efficiency standards, there is a new demand for the refrigeration and air conditioning electrical components industry around the world, bringing new market space and value increment. As the leader in refrigeration and air conditioning control components, the Company, with years of manufacturing experience, leading technology, and extensive and deep cooperation with customers, will adapt to market changes, seize opportunities, and develop steadily.

(2) Automotive components industry

In recent years, the development of NEVs worldwide has continued to grow rapidly, becoming an unstoppable trend. NEVs from different technical approaches have put forward new requirements for automotive thermal management products, which are becoming more technology intensive and capital intensive. The Company has been in the field

of automotive thermal management since its early years, with profound technical accumulation and widespread customer recognition. It has entered subsystems and components from automotive thermal management components, and has now become an important partner for customers such as BYD, Volvo, Geely, Valeo, Mahler, Volkswagen, Mercedes Benz, BMW, Toyota, General Motors, Li Auto, NIO, etc.

3. Industry status

The Company is the world's largest manufacturer of refrigeration control components and the world's leading

manufacturer of automotive thermal management system control components. "Sanhua" refrigeration intelligent control components have become a world-famous brand, and a strategic partner of many automobile enterprises and air-conditioning refrigeration appliance manufacturers in the world. The Company takes improving energy efficiency level of various end products as its responsibility, leading the global transformation of energy-saving and environmental protection products. After more than 30 years of development, the Company has established a leading position in the global market of refrigeration and automotive thermal management. The market share of the Company's Electronic Expansion Valve, Four-way Reversing 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 the Company's Service Valve, Automotive Thermal Expansion Valve and Receiver Drier is in the leading position in the world.

II. Core Competitiveness Analysis

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 3,966 patents both domestic and abroad, including 1,975 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, 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 Service Valve, 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 JCI, Daikin, Carrier, Midea, Gree, Haier, Toyota, Benz, Volkswagen, Valeo 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 the United States, Poland, Mexico, Vietnam, Thailand India 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.

III. Main Business Analysis

Overview

In the first half of 2024, the world faced challenges such as high interest rates and geopolitical conflicts, but economic growth stabilised, growth indicators in major economies such as the U.S. and Europe are picking up; China's economy operated steadily, domestic demand continued to recover, and economic fundamentals were positive in the long term. At the company level, refrigeration and air conditioning electrical components business benefited from the consumer goods trade-in policy and global warming and other favourable support, the global market share has been further consolidated and enhanced, and there is a steady growth in performance; Automotive components business benefited from the trade-in subsidies, auto finance policy relaxation, etc., with the development of the NEVs, the orders continue to release, empowering the performance of faster growth.

During the reporting period, the company achieved revenue of 13.676 billion yuan, up 9.16% year-on-year; net profit attributable to shareholders of listed company 1.515 billion yuan, up 8.59% year-on-year. According to products, the revenue of refrigeration and air conditioning electrical components business was RMB 8.279 billion, up 7.43% year-on-year; the revenue of automotive components business was 5.397 billion yuan, up 11.91% year-on-year.

1. Continuously update and expand the business layout with a view to improving the quality of the business

(1) Refrigeration and air conditioning electrical components business

In the first half of 2024, in addition to maintaining the market share of the leading products, the Company is committed to increasing the market share of high technical requirements, iterative product, the new-generation products and promoting the industrialisation of new products to create incremental business. In terms of customer expansion, the company consolidates the orders of core customers while expanding the layout of new regional customers. In terms of technology development, the company grows together with the market, to improve the quality and strengthen the cost control, and increase R&D in less copper, copper-free products. In terms of patent construction, the company focuses on key product patents, and takes patent protection as the backing of product innovation. In terms of operation management, the company promotes the self-research of key manufacturing equipment, lean production, digital transformation and other activities to reduce costs and increase efficiency. In addition, the company continues to increase the globalisation of manufacturing, R&D layout and talent team building in Vietnam, Mexico and Thailand factories to strengthen the company's global competitiveness.

(2) Automotive components business

The competition in the NEVs market has been intensifying, the company consolidates the market position through new customer expansion, technology development, and refined operation to achieve the leadership of technology

and cost. In terms of customer development, the Company has increased the development of new projects and business opportunities based on the demonstration effect of benchmark customers. In terms of technology development, the company established the product power model to continuously improve product power, especially in the promotion of intelligent, standardised and modular design of integrated components. In terms of operation management, further promoted information technology, established the global cockpit for automotive components business's operations, and conducted data management with visual reports. In terms of global layout, the Company has continued to build plants in Mexico and Poland, and plants in Zhongshan, Shenyang, Tianjin, and Shaoxing Binhai, China, as well as new production capacity, to implement the global supply map.

(3) Strategic Emerging Business

The development of artificial intelligence is rising, and the biomimetic robot industry is changing rapidly, which is expected to become a revolutionary industry after computers, smartphones, and NEVs, with greater development potential and wider application prospects. In the field of biomimetic robots, the company focuses on electromechanical actuators, and cooperates with customers to carry out the full range of product research and development, trial production, and iteration, and delivery of samples, and has been highly evaluated by customers.

In terms of energy storage, the company closely tracked the development trend of energy storage system technology, focusing on the main models, recognizing by the head customers; focusing on the medium and long-term development potential of the energy storage industry and the matching of the company's core technology, laying the foundations for the subsequent development of technically superior products.

2. Sound corporate governance and incentivising core staff

The Company has implemented the 2024 Restricted Share Incentive Plan and the 2024 Stock Appreciation Right Incentive Plan to encourage core talents to continuously improve their performance level and output and empower the Company's performance growth. At the same time, the Company continued to strengthen and improve the construction of internal control system, standardise the operation of the three meetings, and communicate with investors through the Interactive Ease platform, investor call answering, on-site reception and other diversified ways.

3. Help Carbon Neutral, Establish Clean and Low Carbon Energy System

In terms of optimising energy structure, the company has accelerated the application of photovoltaic and energy storage in the industrial park to reduce carbon emissions. In terms of low-carbon product design and development, the company measures and evaluates the environmental impact of products at all stages of their life cycle, and promotes the design of environmentally friendly products.

4. Proposed issuance of Global Depositary Receipts (GDRs) and listing on the Swiss Stock Exchange

In order to further promote the globalization strategy, the Company continue to promote the GDR project. The raised funds are intended to expand the Company's global business map, strengthen the ability of the production and manufacturing of refrigeration control components, new energy thermal management and robot electromechanical actuator businesses, improve the Company's R&D investment and technological innovation, and enhance the Company's intelligent manufacturing, digitization, and informatization level.

Changes in key financial data over the corresponding period of last year

Unit: RMB

	Current Reporting Period	Corresponding Period of Last Year	YoY Change (%)	Note of Change

Total Revenue	13,676,072,161.08	12,528,920,625.59	9.16%	Mainly due to the increase of the market share of the refrigeration and air-conditioning control components, the development of automotive components industry, to promote the solidly development of the company's sales.
Cost of sales	9,920,390,318.93	9,308,660,916.27	6.57%	Mainly due to the sales growth drives cost increases
Selling Expenses	297,002,465.74	264,131,730.27	12.44%	
Administrative Expenses	887,999,303.50	619,856,574.65	43.26%	Mainly due to the increase in staff salary and intermediary service fees during the period.
Financial Expenses	-51,781,709.55	-151,660,370.01	65.86%	Mainly due to lower foreign exchange gains during the period
Income Tax Expenses	332,296,145.99	263,470,197.45	26.12%	Mainly due to higher income tax expense as a result of higher profits
R&D Investments	632,611,907.96	580,269,632.04	9.02%	
Net Cash Flows from Operating Activities	1,161,629,876.17	1,718,673,593.61	-32.41%	Mainly due to the increase in staff salary and cash paid for taxes during the period.
Net Cash Flows from Investment Activities	-1,427,543,077.19	-990,771,136.32	-44.08%	Mainly due to the receipt of 546 million yuan in compensation for the land storage in Xialiquan in the same period last year.
Net Cash Flows from Financing Activities	-738,938,657.56	-877,206,246.29	15.76%	Mainly due to the increase in cash paid for dividend distribution during the period
Net Increase in Cash and Cash Equivalents	-1,049,395,331.86	271,578.55		

Whether there is significant change in Company's profit structure or profit source during the reporting period

Applicable Not applicable

There is no such case during the reporting period

Revenue structure

Unit: RMB

	Current Reporting Period		Corresponding Period of Last Year		YoY Change (%)
	Amount	Proportion to total revenue	Amount	Proportion to total revenue	
Total Revenue	13,676,072,161.08	100%	12,528,920,625.59	100%	9.16%
Classified by Industry					
General Equipment Manufacturing Industry	13,676,072,161.08	100.00%	12,528,920,625.59	100.00%	9.16%
Classified by Product					
Refrigeration A/C Electrical Components	8,278,700,304.27	60.53%	7,706,021,104.32	61.51%	7.43%
Automotive Components	5,397,371,856.81	39.47%	4,822,899,521.27	38.49%	11.91%
Classified by Region					
Domestic Sales	7,826,338,533.84	57.23%	6,776,150,179.62	54.08%	15.50%
Overseas Sales	5,849,733,627.24	42.77%	5,752,770,445.97	45.92%	1.69%

Industries, products or regions accounting for more than 10% of the Company's operating revenue or operating profit

√ Applicable □ Not applicable

Unit: RMB

	Revenue	Cost of sales	Gross margin	YoY Change (%) of operating revenue	YoY Change (%) of Cost of sales	YoY Change (%) of gross margin
Classified by industry						
General Equipment Manufacturing Industry	13,676,072,161.08	9,920,390,318.93	27.46%	9.16%	6.57%	1.76%
Classified by product						
Refrigeration A/C Electrical Components	8,278,700,304.27	5,997,251,947.03	27.56%	7.43%	4.76%	1.85%
Automotive Components	5,397,371,856.81	3,923,138,371.90	27.31%	11.91%	9.47%	1.62%

Classified by region						
Domestic Sales	7,826,338,533.84	5,750,715,247.13	26.52%	15.50%	12.84%	1.73%
Overseas Sales	5,849,733,627.24	4,169,675,071.80	28.72%	1.69%	-1.02%	1.95%

In the case that the Company's main business data statistics are adjusted during the reporting period, the Company's main business data of the latest reporting period were adjusted according to the statistics at the end of the last reporting period

Applicable Not applicable

IV. Non-Main Business Analysis

Applicable Not applicable

Unit: RMB

	Amount	Proportion to net profit	Note of Change	Sustainability
Investment Income	-11,680,068.63	-0.63%	Floating gains/losses on futures derivatives, floating gains/losses on exchange rate derivatives, gains on bank financial products, etc.	No
Gains and Losses from Change of Fair Value	-43,077,568.28	-2.32%	Floating gains/losses on exchange rate derivatives, floating gains/losses on futures derivatives, floating gains/losses on bank financial products, etc.	No
Non-operating Revenue	4,559,030.63	0.25%	No requirement payment, profit on compensation and liquidated damages, profit on retirement of fixed assets, etc.	No
Non-operating Expenditures	8,527,704.42	0.46%	Fixed asset retirement losses, compensation and liquidated damages, donations, etc.	No
Credit Impairment Loss	-76,800,982.89	-4.14%	Bad debt losses	No
Assets Impairment Loss	-44,434,103.33	-2.40%	Loss on provision for inventory decline, impairment loss on goodwill, etc.	No
Gains on Disposal of Properties	-245,261.28	-0.01%	Gain on disposal of fixed assets	No
Other Gains	128,552,012.14	6.93%	Government subsidies, VAT refund for "placement of disabled persons in employment", VAT refund for software	"Employment of persons with disabilities" VAT refund, VAT refund for software products in excess of the tax

			products in excess of the tax burden, VAT credits, etc.	burden, and VAT credit are sustainable, but the rest are not sustainable
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V. Analysis of Assets and Liabilities

1. Material changes of assets

Unit: RMB

	At the End of Current Reporting Period		At the End of Last Year		YoY Change (%)	Note of significant change
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Cash and bank balance	5,222,883,432.16	15.78%	6,584,684,683.93	20.65%	-4.87%	
Accounts receivable	7,152,843,602.65	21.61%	5,773,991,481.22	18.11%	3.50%	
Inventories	4,509,575,295.73	13.62%	4,600,729,378.19	14.43%	-0.81%	
Real estate held for investment	7,588,431.93	0.02%	8,165,805.31	0.03%	-0.01%	
Long-term equity investment	37,094,293.30	0.11%	37,924,431.29	0.12%	-0.01%	
Fixed assets	8,018,985,493.67	24.23%	7,730,363,778.82	24.24%	-0.01%	
Construction in progress	2,746,629,632.47	8.30%	2,036,326,757.72	6.39%	1.91%	
Assets with right of use	273,457,356.51	0.83%	313,254,745.53	0.98%	-0.15%	
Short-term borrowings	1,398,200,202.82	4.22%	1,212,150,378.85	3.80%	0.42%	
Contractual liabilities	62,714,790.24	0.19%	51,788,802.03	0.16%	0.03%	
Long-term borrowings	2,220,000,000.00	6.71%	1,030,801,111.13	3.23%	3.48%	
Lease liabilities	198,342,644.46	0.60%	221,295,481.86	0.69%	-0.09%	
Notes receivable	2,675,326,003.36	8.08%	2,476,839,413.89	7.77%	0.31%	
Notes payable	3,520,145,951.34	10.63%	3,416,711,594.64	10.71%	-0.08%	
Accounts payable	5,033,866,555.98	15.21%	4,449,940,359.81	13.95%	1.26%	
Non-current liabilities due within one year	292,569,239.45	0.88%	1,440,093,253.93	4.52%	-3.64%	

2. Main overseas assets

√Applicable □ Not applicable

Content of Assets	Formation	Assets Scale (RMB)	Location	Operation Mode	Control measures to ensure asset safety	Income (RMB)	Proportion of overseas assets in net assets of the Company	Whether there is significant impairment risk
Sanhua International, Inc. (the U.S.) (consolidated)	Equity investment	3,179,021,585.48	The U.S.	R&D, manufacturing, sales and investment management	Financial monitoring, commissioning of external audits	104,773,573.44		No
Sanhua International Singapore Pte Ltd (consolidated)	Equity investment	4,853,870,493.24	Singapore	Manufacturing, sales, investment management	Financial monitoring, commissioning of external audits	-82,001,316.76		No

3. 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								
1. Held-for-trading financial assets (Excluding Derivative Financial Assets)					625,000.00	525,000.00		100,000.00
2. Derivative Financial Assets	22,636,112.68	16,754,348.24					5,050,000.00	10,931,764.44
Financial Assets Subtotal	22,636,112.68	16,754,348.24			625,000.00	525,000.00	5,050,000.00	110,931,764.44
Total	22,636,112.68	16,754,348.24			625,000.00	525,000.00	5,050,000.00	110,931,764.44
Financial Liabilities	14,219,110.02	26,184,260.29					3,500,000.00	36,903,370.31

Other changes

- Other changes in financial assets represent the purchase of options and the recognition of option expense of 5.05 million yuan.
- Other changes in financial liabilities relate to the fulfillment of performance commitments by minority

shareholders of subsidiaries, amounting to 3.5 million yuan.

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

Yes No

4. Limitation of asset rights as of the end of reporting period

Items	Book balance	Book value	Reason for restriction
Currency funds	50,256,461.32	50,256,461.32	Margin deposits
Notes receivable	1,866,025,559.72	1,862,419,818.56	Pledge financing
Accounts Receivable	62,493,748.40	59,369,060.98	Electronic debt instruments that have been transferred for payment or factored for financing but not yet matured
Total	1,978,775,769.44	1,972,045,340.86	

VI. Analysis of Investments

1. Overview

Applicable Not applicable

Investment during the Reporting Period (RMB)	Investment over the Corresponding Period of Last Year (RMB)	Fluctuation Rate (%)
267,922,553.15	145,114,207.25	84.63%

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 securities investments during this 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

Type of derivatives investment	Opening amount	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 amount	Ratio of closing amount to the company's net assets at the end of the reporting period
Futures contracts, foreign exchange contracts							
Total							
Accounting policies and specific accounting principles for hedging business during the reporting period, as well as explanations on whether there have been significant changes compared to the previous reporting period	No						
Explanation of actual gains and losses during the reporting period							
Explanation of hedging effectiveness							
Capital source of	Own funds						

derivatives investment	
Risk analysis and control measures (including but not limited to, market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) of holding derivatives during the reporting period	In order to prevent raw material price risks and exchange rate risks, the Company and its subsidiaries conducted derivative instruments business, including futures instruments and foreign exchange instruments. The Company and its subsidiaries have strictly implemented the relevant provisions of the Measures for the Operation and Management of Futures Hedging Business and the Management System for Foreign Exchange Hedging Business.
Change of market price or fair value of invested derivatives during the reporting period; specific methods, related assumptions and parameter setting of the derivatives' fair value analysis should be disclosed	
Litigation (if applicable)	N/A

2) Derivatives investments for speculative purposes during the reporting period

Applicable Not applicable

No derivative investments for speculative purposes during this reporting period.

5. Use of raised funds

√ Applicable □ Not applicable

(1) Overall use of raised funds

√ Applicable □ Not applicable

Unit: RMB in 10 thousand

Year	Method	Total amount of raised funds	Net amount of raised funds	Total amount of raised funds invested in the report period	Accumulated amount of raised funds invested	Total amount of raised funds with use alteration during the reporting period	Accumulated amount of raised funds with use alteration	Proportion of accumulated amount of raised funds with use alteration to the total amount of raised funds	Total amount of unused raised funds	Raised funds has not been used	Raised funds has not been used for two years
2021	Public offering	300,000	298,753.1	11,542.58	230,218.31				73,970.8	Deposited in the special account for fund-raising	
Total	--	300,000	298,753.1	11,542.58	230,218.31				73,970.8	--	
Description of Overall Usage of Raised Funds											
<p>(1) Actual amount of funds raised and time of fund arrival</p> <p>Pursuant to the approval of the China Securities Regulatory Commission by way of Securities Regulatory Permit [2021] No. 168, the Company made a public offering of 30 million convertible corporate bonds (the "Sanhua Convertible Bonds") with the nominal value of RMB100 each and the total issuance amount of 3 billion yuan, raising the total of 3 billion yuan, and the net proceeds of RMB2,987,531,008.41 after deduction of the issuance costs of RMB12,468,991.59 in 2021 June. The aforesaid arrival of the proceeds has been verified by Tianjian Accounting Firm, which has issued the Verification Report (Tianjian Verification [2021] No. 277).</p> <p>As one of the subjects for the implementation of the investment project is Zhejiang Sanhua Commercial Refrigeration Co.(hereinafter referred to as Sanhua Commercial), the Company has allocated RMB1,487 million of the proceeds to Sanhua Commercial by way of capital increase.</p> <p>(2) Use and balance of issue proceeds</p>											

Items	Index	Amount (Unit: RMB in 10 thousand)
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	11,542.58
	Net income from raised funds	312.92
Accumulated amount by the end of the period	Project investment	D1=B1+C1
	Net income from raised funds	D2=B2+C2
Calculated balance of raised funds	E=A-D1+D2	73,970.80
Actual balance of raised funds	F	73,970.80
Difference	G=E-F	0.00

(2) Promised fund-raising projects

Applicable Not applicable

Unit: RMB in 10 thousand

Committed investment projects and allocation of over-raised funds	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	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	No	148,700	148,700	7,336.78	116,664.93	78.46%	May 31, 2025		N/A	No

65 million sets										
Technical transformation project of high-efficiency and energy-saving refrigeration and air conditioning control components with an annual output of 50.5 million sets	Yes	69,800	69,800	4,205.8	32,279.98	46.25%	May 31, 2025		N/A	No
Supplementary of working capital	No	81,500	81,500		81,273.4	99.72%			N/A	No
Subtotal of committed investment projects	--	300,000	300,000	11,542.58	230,218.31	--	--		--	--
Ultra-purchase funds invested										
No										
Total	--	300,000	300,000	11,542.58	230,218.31	--	--		--	--
Circumstances and reasons for not reaching the planned progress or expected income by specific project	<p>(1) The "Annual Production Capacity of 50.5 Million Sets of Energy-Efficient Refrigeration and Air Conditioning Control Components Technology Reform Project" is a technology reform and upgrading project, which is directly implemented by the Company and included in the integrated management and unified accounting. The actual benefits of the investment project are not expected to be separately accounted for. According to the feasibility study report of the project, the project is expected to achieve sales revenue (including tax) of RMB1,980 million in a normal year after the project reaches production, which will better enhance the operating results of the "energy-efficient refrigeration control components business".</p> <p>"Supplementary working capital" does not directly generate economic benefits and cannot be the subject of independent economic analyses, the estimated benefits have not been measured and the actual benefits cannot be separately accounted.</p> <p>(2) As approved by the Board of Directors of the Company on August 28, 2024, the date on which the "50.5 million sets of high-efficiency energy-saving refrigeration and air-conditioning control components technical transformation project" will reach its intended state of use will be postponed from August 2024 to May 2025. Other elements of the project remaining unchanged. The specific reasons for the extension of the project are as follows: At present, the new production capacity of "50.5 million sets of high-efficiency energy-saving refrigeration and air-conditioning control components technical transformation project" has been gradually released during the construction period, and the project construction work in progress has been gradually solidified. The Company combined with the existing product structure and market trends, the fund-raising funds were adopt to prudent use of reasonable investment strategy. The Company</p>									

	<p>in some of the gold processing equipment, some parts of the equipment purchase, commissioning and other aspects of the process has been delayed to a certain extent, so do not have the conditions for the completion of the project. Considering the actual construction progress of the current project and the subsequent need to carry out equipment debugging, commissioning and equipment acceptance work. For the principle of prudent investment, the Company will extend the fund-raising project to reach the intended state of use date to May 2025.</p>
Significant changes in the feasibility of projects	No
Amount, usage and use progress of over-raised Funds	N/A
Change in implementation location of investment projects of Raised Funds	N/A
Adjustment to implementation method of investment projects of Raised Funds	N/A
Advance investment and substitution of projects invested with raised funds	In 2021, the Company substituted the initial investment amount of 179.3857 million yuan with raised funds
Temporary supplement	N/A

ent of working capital with idle raised funds	
The amount and reasons of the balance of raised funds in the project implementation	N/A
Applications of unused raised funds	Deposited in the special account for raised funds and the subscription of large amount certificates of deposit.
Problems or other situations in the use and disclosure of raised funds	N/A

(3) Changes of raised funds

Applicable Not applicable

There was no change of raised funds in the reporting period.

VII. 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. Sale of significant equity

Applicable Not applicable

VIII. 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	Operating revenue	Operating profit	Net profit
Zhejiang Sanhua Commercial Refrigeration Co., Ltd (Consolidated)	Subsidiary	Manufacturing and sales of refrigeration and air conditioning electrical components	1,655.29 million	3,087,515,910.27	2,314,234,343.52	1,152,276,790.53	249,370,416.90	216,593,626.05
Sanhua (Hangzhou) Micro Channel Heat Exchanger Co.,Ltd. (Consolidated)	Subsidiary	Manufacturing and sales of refrigeration and air conditioning electrical components	360 million	2,438,707,479.00	1,348,419,002.60	1,126,779,750.39	108,919,236.47	94,949,178.08
Zhejiang Sanhua Trading Co., Ltd.	Subsidiary	Sales of refrigeration and air conditioning electrical components	50 million	4,999,358,513.39	134,193,972.48	3,377,678,676.80	50,683,366.71	-38,120,072.64
Zhejiang Sanhua Automotive Components Co., Ltd (Consolidated)	Subsidiary	Manufacturing and sales of automotive parts	2,160 million	12,425,984,003.84	6,909,005,875.31	5,397,371,856.81	832,039,391.74	672,670,427.81
Sanhua International, Inc. (USA) (Consolidated)	Subsidiary	Manufacturing and sales of refrigeration and air conditioning electrical component, investment management	37.55 million USD	3,179,021,585.48	1,263,154,323.73	2,728,808,673.34	125,177,062.09	104,773,573.44
Sanhua International Singapore Pte. Ltd. (Consolidated)	Subsidiary	Manufacturing and sales of refrigeration and air conditioning electrical component, investment	175.1512454 million USD	4,853,870,493.24	1,187,394,591.49	3,735,370,785.72	75,125,814.01	-82,001,316.76

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Information about obtaining and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Methods of acquiring and disposing subsidiaries during the reporting period	Impact on overall production, operation and performance
Zhejiang Sanhua Intelligent Drive Co.	New investment	No significant impact
Zhejiang Shengtai Paper Co.	New investment	No significant impact
SANHUATROY PROPERTY MANAGEMENT,LLC	New investment	No significant impact
American Tubing International Leverage Lender LLC	Liquidation and cancellation	No significant impact

IX. Structural Entities Controlled by the Company

Applicable Not applicable

X. Risks and Countermeasures of the Company

(1) Risk of price fluctuation of raw materials

The raw materials needed 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, timely negotiation with customers and developing less copper and copper-free products to reduce the dependence on raw materials with high price volatility.

(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) Exchange rate fluctuation risks

The Company's export volume is large, involving North America, Europe, Japan, Korea and 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, Thailand, India and other places.

XI. Implementation and enforcement of the "Double Enhancement for Quality and Returns" action programme

The Company disclosed the announcement of the action programme of "Double Enhancement for Quality and Returns".

Applicable Not applicable

Section IV Corporate Governance

I. Annual General Meeting and Extraordinary General Meetings Convened During the Reporting Period

1. Annual General Meeting convened during the current reporting period

Meeting	Nature	Proportion of participating investors	Convened Date	Disclosure Date	Disclosure Index
First Extraordinary General Meeting in 2024	Extraordinary General Meeting	17.37%	May 6, 2024	May 7, 2024	<i>The announcement of the resolution of the first extraordinary general meeting of shareholders in 2024 No. 2024-028 was published in China Securities Journal, Securities Times and CNINFO.</i>
2023 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	60.96%	May 20, 2024	May 21, 2024	<i>The announcement of resolutions of the 2023 annual general meeting of shareholders (2024-038) was published in the Securities Times, Shanghai Securities Journal and CNINFO.</i>
Second Extraordinary General Meeting in 2024	Extraordinary General Meeting	62.34%	June 20, 2024	June 21, 2024	<i>The announcement on the resolution of the second extraordinary general meeting of shareholders in 2024 (2024-055) was published in China Securities Journal, Securities Times and CNINFO.</i>

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

Applicable Not applicable

II. Changes of directors, supervisors and senior management personnel

Applicable Not applicable

There were no changes in the Company's directors, supervisors, and senior management during the reporting period. Please refer to the 2023 Annual Report for details

III. Profit distribution and conversion of capital reserve to share capital during the reporting period

Applicable Not applicable

Bonus share issued per 10 shares (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	1.00
Total capital share basis for the distribution proposal (share)	3,731,414,614
Total cash dividend (RMB) (tax inclusive)	373,141,461.40
Cash dividend amount in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other ways) (RMB)	373,141,461.40
Distributable profits (RMB)	1,856,838,772.64
Percentage of cash dividends in the total distributed profit (%)	100%
Cash dividends	
Other	
Detailed description of profit distribution or capital reserves conversion plan	
<p>Based on provisional 3,731,414,614 shares of capital stock[note], cash dividend of RMB 1.00 (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. A total of RMB 373,141,461.40 will be distributed, and the Company's remaining undistributed profits are carried forward to the next year.</p> <p>Note: The share capital of the Company is 3,732,615,535 shares, of which the number of repurchased shares is 1,200,921. According to the provisions of the Company Law, the shares held by the listed company through the repurchase account do not enjoy the right to participate in profit distribution or the conversion of capital reserve into share capital</p> <p>If the total share capital of the Company changes due to the conversion of convertible bonds, share repurchase, exercise of equity incentive scheme, refinancing and listing of new shares before the implementation of the distribution plan, the total distribution amount shall be adjusted accordingly based on the principle of unchanged distribution proportion.</p>	

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

Applicable Not applicable

1. Equity incentive plan

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

① On June 3, 2024, the Company held the twenty-third extraordinary meeting of the seventh session of the Board of directors and the twentieth extraordinary meeting of the seventh session of the Board of Supervisors respectively to consider and approve the "Proposal on the Adjustment of the Repurchase Price of the Restricted Share Incentive Plan for the Year 2022", "Proposal on the Achievement of the Conditions for the Release of the Restricted Shares during the Second Release of Restricted Shares Period under the Restricted Share Incentive Plan for the Year 2022", "Proposal on the Cancellation of Particular Restricted Shares", "The Resolution on the Adjustment of the Exercise Price under the 2022 Stock Appreciation Right Incentive Plan" "The Resolution on the Accomplishment of the Exercise Conditions for the Second Exercise Period under the 2022 Stock Appreciation Right Incentive Plan" and "The Resolution on the Cancellation of Certain Stock Appreciation Rights". The date of listing and circulation of the shares released from restricted sale was July 1, 2024, 1,313 shareholders were released from restricted sale, 5.133 million shares could be released from restricted sale, accounting for 0.1375% of the Company's total share capital at present; the Company plans to repurchase all or part of restricted shares held by 33 ineligibility incentive recipients of the 2022 Restricted Stock Incentive Plan, with the total of 226,000 shares, the repurchase price of 9.40 yuan / share. The total number of incentive recipients eligible for the exercise of stock appreciation rights was 37, and the number of feasible options was 135,000 shares; the Company cancelled all or part of the stock appreciation rights held by 2 incentive recipients who were ineligible under the 2022 Stock Appreciation Rights Incentive Plan, totalling 8500 shares.

On June 20, 2024, the Company held the Second Extraordinary General Meeting of 2024 to consider and approve the "Proposal on Cancellation of Certain Restricted Shares". The Company plans to repurchase and cancel all or part of the restricted shares held by 33 ineligible incentive recipients under the 2022 Restricted stock incentive plan, totalling 226,000 shares, with the repurchase price of 9.40 yuan/share.

2. In 2024, the Company launched the 2024 restricted stock incentive plan and stock appreciation right incentive plan, granting 24.91 million restricted shares to 1,933 incentive objects and 560,000 stock appreciation rights to 47 incentive objects. The granting dates of the share incentive plan are May 13, 2024 and June 3, 2024, and the granting price is 11.75 yuan/share. The listing date of the restricted shares is June 20, 2024.

2. Employee stock ownership plan

Applicable Not applicable

3. Other employee incentive schemes

Applicable Not applicable

Section V Environmental and Social Responsibility

I. Significant 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 has completed the re-issuance of the national emission 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	<input type="checkbox"/> 500mg/L	The limitation of COD in GB8978-1996 <i>Integrated</i>	23.14T	62.386 T/year	Not exceeding the standard

							<i>Wastewater Emission Standard is 500mg / L</i>			
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	2.31T	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	0.11T	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 limitation of gas-	0.46T	10.06 T /year	Not exceeding the standard

							fired boiler is 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. 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 of air pollution prevention and control performance of key industry enterprises in Zhejiang Province.
3. Solid waste and soil treatment(surface water): 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 was no longer on the list of key soil pollution monitoring units.

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

Zhejiang Sanhua Intelligent Controls Co., Ltd. re-prepared the Emergency Response Plan in August 2023, and filed with Xinchang Environmental Protection Bureau on August 30, 2023 (Record No. 330624-2023-40-M).

Investment in environmental governance and 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 18.033 million yuan.

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 line automatic monitoring equipment such as pH, COD, TOC, total copper, total zinc, total chromium, total nickel, flow rate, etc. are installed at the Company's total wastewater discharge outlet, so as to achieve the combination of automatic monitoring and manual testing. For the pollution factors such as suspended matters, total Phosphorus, Ammonia Nitrogen, total Iron and Petroleum, the Company entrusts a third-party testing agency to carry out regular monitoring according to self-monitoring requirements for national effluent licence. The monitoring results are published regularly on the enterprise self-monitoring information disclosure platform of Zhejiang Province.

Administrative penalties for environmental problems during the reporting period

Not applicable

Other environmental information that should be disclosed

Not applicable

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 and 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: The Company takes the initiative to incorporate the concept of ecological and environmental protection into the process of product development, design and production, etc. Adhering to the concept of sustainable development, the Company starts from the various stages of the life cycle of the product, and measures and evaluates the impact of the product on the environment during the life cycle.
2. Optimize the energy structure: Large-scale use of distributed photovoltaics in the park to replace the original purchased electricity and increase the purchase of green electricity. Achieving cleaner energy and using waste heat recovery technology to achieve lower energy consumption and higher resource utilisation efficiency; On the other hand, the energy storage system in the production park can comprehensively take advantage of peak and valley electricity, which improves the efficiency of distributed photovoltaic utilization.
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. Enhancing green cooperation: through the conversion of purchased liquid oxygen and liquid nitrogen to in-house production, in-house oxygen and nitrogen could be used directly in production, avoiding the liquefaction of oxygen and nitrogen by suppliers for large-volume shipments, and reducing the large amount of energy consumption for liquefaction of gaseous state, thus reducing the impact on the climate.
6. Complete green products: the Company develops a series of low-carbon key core components, such as electronic expansion valves, inverter controllers, micro-channel products, significantly reducing carbon emissions from the use of end-products, to promote the industry's green and low-carbon development.
7. Green Packaging: The company is committed to reducing the environmental impact of packaging materials by optimising the packaging process, adopting green packaging materials and implementing recycling plans for packaging products, and planning transportation scientifically to less environmental impact and promote the saving and recycling of packaging materials.

8. 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, India, Hangzhou, Wuhu, Zhongshan, and other areas.

At the same time, as a leading global manufacturer of thermal management system control components for new energy vehicles, the Company fully grasps the business opportunities brought by the 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.

Other environmental information

Not applicable

II. Social responsibility

The Company is committed to actively fulfilling the social responsibility, as well as promoting social harmony and sustainable development through public welfare and charity programmes. The Company contributes to the society by visiting the elderly in nursing homes, pairing up to help the needy in the community, doing donations, etc. The Company also provides assistance and condolences to the employees in difficulty through the "Sanhua One Family" Fund, which has set a good example for social responsibility. During the reporting period, donations were made to the Shangyu Charity Federation to help the disadvantaged groups.

Section VI Significant Events

I. Complete and Incomplete Commitments of the Company and Its Actual Controller, Shareholders, Related parties, Acquirers, and Other Related Parties 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 st , 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 th , 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	January 5 th , 2009	Long term	Strict performance

			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.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding	Commitment on horizontal competition, related party transactions and capital	In order to avoid horizontal competition with Sanhua intelligent controls, Zhang	July 24 th , 2015	Long term	Strict performance

	Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	occupation	<p>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</p>			
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			<p>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:</p> <p>A. Stop the businesses that compete or may compete with Sanhua Intelligent Controls;</p> <p>B. Inject the competitive business into Sanhua Intelligent Controls;</p> <p>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</p>			
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			<p>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>			
	<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</p>	<p>July 24th, 2015</p>	<p>Long term</p>	<p>Strict performance</p>

			<p>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</p>			
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			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.	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	July 24 th , 2015	Long term	Strict performance

			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.			
	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</p>	September 18 th , 2017	Long term	Strict performance

			<p>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 behavior that damages the legitimate rights and interests of Sanhua intelligent controls and other</p>			
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			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)</p>	September 18 th , 2017	Long term	Strict performance

			<p>and other enterprises controlled by me (or the Company) will withdraw from Sanhua intelligent controls in the following ways of competition:</p> <p>A. stop the businesses that compete or may compete with Sanhua intelligent controls;</p> <p>B. inject the competitive business into Sanhua intelligent controls;</p> <p>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</p>			
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			<p>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>			
	<p>Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.</p>	<p>Other commitment</p>	<p>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,</p>	<p>September 18th, 2017</p>	<p>Long term</p>	<p>Strict performance</p>

			and effectively protect the interests of all shareholders.			
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 th , 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 Group Co., Ltd., and Mr. Zhang Yabo	Other commitment	Will not actively reduce holdings of the Company's shares within eighteen months from August 18, 2022.	August 18 th , 2022	Until February 17, 2024	Strict performance
Are the commitments fulfilled on time	Yes					
If the commitment has not been fulfilled beyond the deadline, it should detail the specific	N/A					

reasons for not completing the fulfillment and the next step of the work plan.	
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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 provision of guarantees for external parties

Applicable Not applicable

No such case during the reporting period.

IV. Engagement and disengagement of the CPA firm

Whether this financial report was audited

Yes No

This report was not audited.

V. Explanation Given by the Board of Directors and Supervisory Committee Regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Reporting Period

Applicable Not applicable

VI. Explanation Given by the Board of Directors Regarding the “Non-standard Auditor’s Report” Issued by the CPA Firm for the Prior Year

Applicable Not applicable

VII. Bankruptcy and Restructuring

Applicable Not applicable

No such case during the reporting period.

VIII. Material Litigation and Arbitration

Material Litigation and Arbitration

Applicable Not applicable

No such case during the reporting period.

Other litigations

Applicable Not applicable

IX. Punishments and Rectifications

Applicable Not applicable

No such case during the reporting period.

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

Applicable Not applicable

XI. Significant Related-party Transaction

1. Significant 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.

XII. 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

Please refer to the notes of leasing instructions for details under Section X Financial Report.

Projects with gains and losses exceeding 10% of the Company's total profit during the reporting period

Applicable Not applicable

No such case in 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	Disclosure date of announcement of the guarantee cap	Guarantee Cap	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	Disclosure date of announcement of the guarantee cap	Guarantee Cap	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.	August 13, 2022	240,000	March 24, 2023	5,363.19	Joint liability guarantee			2023.3.24-2024.3.23	Yes	Yes
Guangdong Sanhua New Energy Automotive components Co.	November 7, 2023	500	November 29, 2023	500	Joint liability guarantee			2023.11.29-2024.4.2	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	May 4, 2023	3,064.68	Joint liability guarantee			2023.5.4-2024.5.3	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	May 4, 2023	4,597.02	Joint liability guarantee			2023.5.4-2024.5.3	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	May 11, 2023	3,830.85	Joint liability guarantee			2023.5.11-2024.5.10	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	May 22, 2023	14,557.23	Joint liability guarantee			2023.5.22-2024.5.21	Yes	Yes
SANHUA INTERNATIONAL	April 29, 2023	340,000	May 31, 2023	7,661.7	Joint liability guarantee			2023.5.31-2024.5.3	Yes	Yes

NATIONAL SINGAPORE PTE. LTD.					e			0		
SANHUA INTERNATIONAL, INC.	April 29, 2023	95,000	June 9, 2023	10,690.2	Joint liability guarantee			2023.6.9 - 2024.6.5	Yes	Yes
SANHUA INTERNATIONAL, INC.	April 29, 2023	95,000	September 8, 2023	2,850.72	Joint liability guarantee			2023.9.8 - 2024.9.6	No	Yes
SANHUA INTERNATIONAL, INC.	April 29, 2023	95,000	September 1, 2023	1,425.36	Joint liability guarantee			2023.9.1 - 2024.9.30	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	May 11, 2023	2,138.04	Joint liability guarantee			2023.5.11 - 2024.7.8	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	August 21, 2023	14,253.6	Joint liability guarantee			2023.8.21 - 2024.8.20	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	October 20, 2023	5,363.19	Joint liability guarantee			2023.10.20 - 2024.10.19	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	October 25, 2023	4,597.02	Joint liability guarantee			2023.10.25 - 2024.10.24	No	Yes

ORE PTE. LTD.										
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	November 20, 2023	7,661.7	Joint liability guarantee			2023.11.20-2024.11.19	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	November 20, 2023	7,126.8	Joint liability guarantee			2023.11.20-2024.11.19	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	December 7, 2023	9,960.21	Joint liability guarantee			2023.12.7-2024.12.6	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2023	340,000	March 24, 2024	5,363.19	Joint liability guarantee			2024.3.24-2025.3.23	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 30, 2024	360,000	May 3, 2024	3,064.68	Joint liability guarantee			2024.5.3-2025.5.2	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 30, 2024	360,000	May 3, 2024	4,597.02	Joint liability guarantee			2024.5.3-2025.5.2	No	Yes

SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 30, 2024	360,000	May 10, 2024	3,830.85	Joint liability guarantee			2024.5.10-2025.5.9	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 30, 2024	360,000	May 21, 2024	14,557.23	Joint liability guarantee			2024.5.21-2025.5.20	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 30, 2024	360,000	May 30, 2024	7,661.7	Joint liability guarantee			2024.5.30-2025.5.29	No	Yes
SANHUA INTERNATIONAL, INC.	April 30, 2024	95,000	June 6, 2024	10,690.2	Joint liability guarantee			2024.6.6-2025.6.4	No	Yes
Zhejiang Sanhua Heat Exchanger Co.	April 30, 2024	20,000	June 28, 2024	5,000	Joint liability guarantee			2024.6.28-2029.7.20	No	Yes
Guangdong Sanhua New Energy Automotive components Co.	November 7, 2023	500	April 25, 2024	1,105.88	Joint liability guarantee			2024.4.25-2024.11.30	No	Yes
Guangdong Sanhua New Energy Automotive components Co.	November 7, 2023	500	April 25, 2024	62.67	Joint liability guarantee			2024.4.25-2024.11.30	No	Yes

Guangdong Sanhua New Energy Automotive components Co.	November 7, 2023	500	April 25, 2024	647.41	Joint liability guarantee			2024.4.25-2024.11.30	No	Yes
Guangdong Sanhua New Energy Automotive components Co.	November 7, 2023	500	April 25, 2024	989.29	Joint liability guarantee			2024.4.25-2024.12.30	No	Yes
Guangdong Sanhua New Energy Automotive components Co.	November 7, 2023	500	April 25, 2024	935.38	Joint liability guarantee			2024.4.25-2024.12.30	No	Yes
Subsidiaries' Guarantees to Subsidiaries										
Guaranteed Party	Disclosure date of announcement of the guarantee cap	Guarantee Cap	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
Total Amount of Guarantees to Subsidiaries Approved during the Reporting Period (C1)		810,000		Total Balance of Guarantees Actually Paid to Subsidiaries during the Reporting Period (C2)		58,505.5				
Total Amount of Approved Guarantees to Subsidiaries by the end of the Reporting Period (C3)		810,000		Total Balance of Actual Guarantees to Subsidiaries By the end of the Reporting Period (C4)		113,882.13				
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)		58,505.5				
Total Amount of Guarantees Approved by the End of the Reporting Period (A3+B3+C3)		810,000		Total Balance of Guarantees Actually Paid by the End of the Reporting Period (A4+B4+C4)		113,882.13				

Total Amount of Actual Guarantees (A4+B4+C4) as a Percentage of the Company's Net Assets	6.31%
Of which:	
Balance of Debt Guarantees Directly or Indirectly Offered to Guaranteed Objects with Asset-liability Ratio Exceeding 70% (E)	
Total Amount of the Above Three Guarantees (D+E+F)	

3. Entrusted wealth management

Applicable Not applicable

Unit: RMB in 10 thousand

Specific types	Capital source	Amount	Balance before maturity	Overdue uncollected amount	Accrued impairment amount of overdue unrecovered financial product
Security financial products	The Company's self-owned funds	101,000	10,000		
Bank financial products	The Company's self-owned funds	130,000	130,000		
Total		231,000	140,000		

Specific situation of high-risk entrusted financial management with large single amount or low security and poor liquidity

Applicable Not applicable

Unit: RMB in 10 thousand

Name of trustee	Type of trustee	Product type	Amount	Capital source	Start date	Termination date	Capital investment	Determination of return	Reference annualized rate of return	Expected return (if any)	Actual profit and loss in the reporting period	Actual recovery of profit and loss in the reporting period	Amount of provision for impairment (if any)	Through legal procedures or not	Future entrusted financial management plan or not	Event overview and relevant index (if any)
Citic Securities Company Limited	security	National debt reverse repurchase	10,000	Self-owned funds	April 29, 2024	May 6, 2024		Fixed income with guarantee of principal	1.57%		3.01	2.811		Yes	/	
Citic Securities Company Limited	security	National debt reverse repurchase	10,000	Self-owned funds	April 29, 2024	May 6, 2024		Fixed income with guarantee of principal	1.59%		3.05	2.848		Yes	/	
Citic Securities Company Limited	security	National debt reverse repurchase	20,000	Self-owned funds	April 29, 2024	April 30, 2024		Fixed income with guarantee of principal	1.53%		5.01	4.814		Yes	/	
Citic Securities Company Limited	security	National debt reverse repurchase	10,000	Self-owned funds	April 30, 2024	May 6, 2024		Fixed income with guarantee of principal	2.18%		0.6	0.497		Yes	/	
Citic Securities Company Limited	security	National debt reverse repurchase	10,000	Self-owned funds	April 30, 2024	May 6, 2024		Fixed income with guarant	2.00%		0.55	0.447		Yes	/	

		e						ee of principa l								
Citic Securities Company Limited	securit y	National debt reverse repurchase	10,000	Self-owned funds	April 30, 2024	May 6, 2024		Fixed income with guarantee of principal	1.98%		0.54	0.441		Yes	/	
Citic Securities Company Limited	securit y	National debt reverse repurchase	50,000	Self-owned funds	May 6, 2024	May 13, 2024		Fixed income with guarantee of principal	1.92%		18.41	15.911		Yes	/	
Citic Securities Company Limited	securit y	National debt reverse repurchase	10,000	Self-owned funds	June 6, 2024	June 7, 2024		Fixed income with guarantee of principal	1.79%		1.96	1.862		Yes	/	
Citic Securities Company Limited	securit y	National debt reverse repurchase	10,000	Self-owned funds	June 6, 2024	June 7, 2024		Fixed income with guarantee of principal	1.79%		1.96	1.862		Yes	/	
Citic Securities Company Limited	securit y	National debt reverse repurchase	10,000	Self-owned funds	June 6, 2024	June 7, 2024		Fixed income with guarantee of principal	1.79%		1.96	1.862		Yes	/	
Citic Securities Company Limited	securit y	National debt reverse repurchase	10,000	Self-owned funds	June 27, 2024	July 1, 2024		Fixed income with guarantee of principal	2.76%		3.03	3.005		Yes	/	

								1								
Citic Securities Company Limited	security	Capital Protected Income Certificates "Rise and Shine"	40,000	Self-owned funds	May 14, 2024	June 11, 2024		Fixed income with guarantee of principal	1.90%		60	60.000		Yes	/	
Total			200,000	--	--	--	--	--	--		100.09	--		--	--	--

Note: The Company's accumulated financial management of RMB3,835.99 million during the reporting period, and the above breakdown represents the Company's significant financial management of a single item (the single item amounting to RMB100 million or more)

Entrusted financial management is expected to be unable to recover the principal or there are other situations that may lead to impairment

Applicable Not applicable

4. Other significant contracts

Applicable Not applicable

No such case in the reporting period.

XIII. Other significant events

Applicable Not applicable

No such case in the reporting period.

XIV. Significant events of the Company's subsidiaries

Applicable Not applicable

No such case in the reporting period.

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%				19,643,311	19,643,311	62,165,502	1.66%
1) Shares held by the states									
2) Shares held by State-owned corporate									
3) Other domestic shares	42,466,191	1.14%				19,667,311	19,667,311	62,133,502	1.66%
Of which: Shares held by domestic legal person									
Shares held by domestic natural person	42,466,191	1.14%				19,667,311	19,667,311	62,133,502	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 legal person									
Shares held by overseas natural person	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	98.33%
1) RMB common shares	3,690,093,344	98.86%				-19,643,311	-19,643,311	3,670,450,033	98.33%
2) Domestically listed foreign shares									
3) Foreign shares listed overseas									
4) Others									
3. Total	3,732,615,535	100.00%				0	0	3,732,615,535	100.00%

Reason for the changes in share capital

Applicable Not applicable

1. At the beginning of each year, the number of locked shares held by senior executives of the Company shall be recalculated according to 75% of the total shares held by senior executives.

2. The Company's 2024 Restricted Stock Incentive Plan grants 24.91 million shares of restricted stock to 1,933 incentive recipients, which are sourced from the Company's repurchase account, with outstanding stocks converted to restricted stocks.

3. On June 29, 2024, the second vesting period of the 2022 Restricted Stock Incentive Plan expired, and 5.133 million Restricted stocks of 1,313 incentive recipients who met the conditions were released from restricted sale.

Approval for changes in share capital

Applicable Not applicable

I. The Company's 2024 Restricted Stock Incentive Plan grants totally 24.91 million shares of restricted stock to

1,933 incentive recipients at a grant price of 11.75 per share, with a grant date of June 19 2024, as approved below:

1. On April 19, 2024, the 20th interim meeting of the 7th session of the Board of Directors and the 17th interim meeting of the 7th session of the Supervisory Committee of the Company considered and passed the "Motion on the 2024 Restricted Share Incentive Plan (Draft) of Zhejiang SANHUA Intelligent Control Stock Co. Ltd. 2024 Equity Incentive Plan" and "Proposal to Request the General Meeting of Shareholders to Authorise the Board of Directors to Handle Matters in Relation to the 2024 Equity Incentive Plan", the aforesaid proposals having first been considered and approved by the Remuneration and Evaluation Committee of the Board of Directors.

2. On April 30, 2024, the Company disclosed in its announcement the "Public Announcement and Verification Opinions of the Supervisory Committee on the List of Incentive Recipients under the 2024 Equity Incentive Plan".

3. On May 6, 2024, the First Extraordinary General Meeting of 2024 of the Company considered and passed the "Motion on the 2024 Restricted Stock Incentive Plan (Draft) of Zhejiang SANHUA Intelligent Control Company Limited and its Summary", the "Motion on the 2024 Equity Incentive Plan of Zhejiang SANHUA Intelligent Control Company Limited and its Management Measures for the Implementation of the 2024 Equity Incentive Plan and the "Motion on the Proposal for the General Meeting to Proposal on Requesting the Shareholders' General Meeting to Authorise the Board of Directors to Handle Matters Relating to the 2024 Equity Incentive Plan.

4. On May 13, 2024, the "Proposal on the Granting of Restricted Shares to the Incentive Recipients under the 2024 Restricted Share Incentive Scheme of the Company" was considered and approved at the Twenty-second Extraordinary Meeting of the Seventh Session of the Board of Directors and the Nineteenth Extraordinary Meeting of the Seventh Session of the Board of Supervisors of the Company and the aforesaid proposal had been considered and approved by the Remuneration and Evaluation Committee of the Board of Directors first.

5. On June 3, 2024, the Twenty-third Interim Meeting of the Seventh Session of the Board of Directors and the Twentieth Interim Meeting of the Seventh Session of the Supervisory Committee of the Company considered and passed the "Proposal on the Granting of Restricted Shares to the Incentive Recipients of the Suspended Grants under the Company's Restricted Share Incentive Plan for the Year 2024", "Proposal on the Adjustment to the List of Incentive Recipients to be Awarded Under the Restricted Share Incentive Plan for the Year 2024, the Number of Grants and the Grant Price", the aforesaid motions have been first considered and approved by the Compensation and Evaluation Committee of the Board of Directors.

II. On June 3, 2024, the Twenty-third Interim Meeting of the Seventh Session of the Board of Directors and the Twentieth Interim Meeting of the Seventh Session of the Supervisory Committee of the Company considered and passed the "Proposal on the Achievement of the Conditions for Unlocking of the Restricted Shares during the Second Unlocking Period of the Restricted Share Incentive Scheme in 2022" and the "Proposal on the Repurchase and Cancellation of Part of Restricted Shares", which had been firstly considered and approved by the Remuneration and Evaluation Committee of the Board of Directors. A total of 1,313 incentive recipients were eligible for the release of restricted shares, and the number of shares available for release of restricted shares was 5.133 million shares.

Transfer of shares√Applicable Not applicable

On May 13, 2024 and June 3, 2024, the Company granted totally 24.91 million shares of restricted stock to 1,933 incentive recipients, and on June 19, 2024, the Company completed the transfer and registration of the restricted stock.

Information about the implementation of share repurchase√Applicable Not applicable

1. As at June 30, 2024, the Company had repurchased a total of 13,961,794 shares of the Company, accounting for 0.3740% of the total share capital of the Company, at the highest trading price of RMB 29.09 per share and the lowest trading price of RMB 19.81 per share, for a total transaction amount of RMB 319,919,680.07 through the special securities account for share repurchases by means of centralised bidding trading (transaction costs not included). (excluding transaction fees).

2. As at June 30, 2024, a total of 12,415,964 shares repurchased by the Company in 2021 had been fully used for the Company's restricted share incentive scheme, of which the number of repurchased shares used for the 2022 restricted share incentive scheme was 9,783,096, and that for the 2024 restricted share incentive scheme was 4,614,060, representing a total of 4,614,060 shares. The total amount accounted for 0.3326% of the current total share capital of the Company.

3. As at June 30, 2024, the total number of shares repurchased by the Company in 2022 was 7,535,067 shares which have been fully utilised for the 2024 Restricted Share Incentive Scheme, accounting for 0.2019% of the current total share capital of the Company.

The progress on reduction of re-purchase shares by means of centralized biddingApplicable √Not applicable**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

Please refer to the financial report for details.

Other contents that the Company considers necessary or required by the securities regulatory authorities to discloseApplicable √ Not applicable**2. Changes in restricted shares**√Applicable Not applicable

Unit: Share

Name of shareholder	Opening balance of restricted	Vested in current period	Increased in current period	Closing balance of restricted shares	Note for restricted shares	Date of unlocking
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	shares					
Zhang Yabo	29,268,150	0	0	29,268,150	According to the relevant provisions of shares management for senior executives	According to the relevant provisions of shares management for senior executives
Wang Dayong	189,421	0	100,000	289,421	According to the relevant provisions of shares management for senior executives + equity incentive	According to the relevant provisions of shares management for senior executives + equity incentive
Ni Xiaoming	183,796	0	80,000	263,796	According to the relevant provisions of shares management for senior executives + equity incentive	According to the relevant provisions of shares management for senior executives + equity incentive
Chen Yuzhong	252,562	0	80,000	332,562	According to the relevant provisions of shares management for senior executives + equity incentive	According to the relevant provisions of shares management for senior executives + equity incentive
Hu Kaicheng	189,421	0	80,000	269,421	According to the relevant provisions of shares management for senior executives + equity incentive	According to the relevant provisions of shares management for senior executives + equity incentive
Yu Yingkui	212,901	0	80,000	292,901	According to the relevant provisions of shares management for senior executives + equity incentive	According to the relevant provisions of shares management for senior executives + equity incentive
Mo Yang	10,926	0	0	10,926	According to the relevant provisions of shares management for senior executives	According to the relevant provisions of shares management for senior executives
Chen Xiaoming	8,325	0	0	8,325	According to the relevant provisions of shares management	According to the relevant provisions of shares management

					for senior executives	for senior executives
Other incentive objects	11,956,000	5,016,000	24,490,000	31,430,000	According to the relevant provisions of shares management for equity incentive	According to the relevant provisions of shares management for equity incentive
Total	42,271,502	5,016,000	24,910,000	62,165,502	--	--

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: Share

Total Number of Common Shareholders at the End of the Reporting Period		112,836		Total Number of Preferred Shareholders (If Any) (Refer to Note 8) Whose Voting Rights Have Been Recovered at the End of the Reporting Period			0	
Particulars about shares held by shareholders with a shareholding percentage over 5% or the Top 10 of them (excluding lending shares through the facility)								
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 common shares held with trading restrictions	The number of shares held without trading restrictions	Pledged or frozen	
							Status	Amount
Sanhua Holding Group Co., Ltd.	Domestic non-state-owned corporation	25.41%	948,487,077	0	0	948,487,077	N/A	0
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Domestic non-state-owned corporation	19.90%	742,747,954	0	0	742,747,954.00	Pledged	150,000,000 [Note]
Hong Kong Central Clearing Limited	Overseas corporation	11.50%	429,302,609	- 149,849,406	0	429,302,609	N/A	0
Zhang Yabo	Domestic Individual	1.05%	39,024,200	0	29,268,150	9,756,050	N/A	0
Industrial and Commercial Bank of China Limited - Huatai-Perry CSI 300	Others	0.71%	26,458,197	9,825,200	0	26,461,697	N/A	0

Traded Open-End Index Fund								
Zhang Jianping	Domestic Individual	0.66%	24,662,822	24,662,822	0	24,662,822	N/A	0
Industrial and Commercial Bank of China Limited - ETF CSI New Energy Vehicle Industry Index Initiated Securities Investment Fund (LOF)	Others	0.65%	24,383,702	7,758,712	0	24,383,702	N/A	0
China Construction Bank Corporation - E Fund CSI 300 Traded Open Index Initiated Securities Investment Fund	Others	0.49%	18,317,634	2,376,600	0	18,317,634	N/A	0
Industrial and Commercial Bank of China Limited - HuataiPerry CSI 300 Traded Open-End Index Fund	Others	0.47%	17,552,480	11,646,500	0	17,561,480	N/A	0
China Merchants Bank Corporation - Quanguo Xuyuan Three Year Holding Period Hybrid Securities Investment Fund	Others	0.46%	17,208,754	-4,210,600	0	17,208,754	N/A	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> .		
Explanation of the above shareholders involved in proxy/trusted voting rights and waiver of voting rights	No		
Special note on the existence of repurchase special accounts among the top 10 shareholders (if any)(Refer to Note 11)	No		
Particulars about Shares Held by Top Ten Common Shareholders Holding Shares That Are Not Subject to Trading Restrictions (Excluding lending shares through the transfer facility and executive lock-up shares)			
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	429,302,609	RMB common stock	429,302,609
Industrial and Commercial Bank of China Limited - Huatai-Perry CSI 300 Traded Open-End Index Fund	26,458,197	RMB common stock	26,458,197
Zhang Jianping	24,662,822	RMB common stock	24,662,822
China Life Insurance Company Co., Ltd. - Traditional - General Insurance Products -005L - CT001 Shanghai	24,383,702	RMB common stock	24,383,702
Industrial and Commercial Bank of China Limited - ETF CSI New Energy Vehicle Industry Index Initiated Securities Investment Fund (LOF)	18,317,634	RMB common stock	18,317,634
China Construction Bank Corporation - E Fund CSI 300 Traded Open Index Initiated Securities	17,552,480	RMB common stock	17,552,480

Investment Fund			
China Merchants Bank Corporation - Quanguo Xuyuan Three Year Holding Period Hybrid Securities Investment Fund	17,208,754	RMB common stock	17,208,754
Industrial and Commercial Bank of China Limited - China Europe Times Vanguard Equity Initiating Securities Investment Fund	16,827,643	RMB common stock	16,827,643
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		

Note: Sanhua Lvneng pledged additional 70 million shares on August 8, 2024. After this pledge, the shares of the Company held by Sanhua Lvneng have been pledged the aggregate of 220 million shares.

Shareholders holding more than 5% of shares, top 10 shareholders and top 10 shareholders with unlimited shares in circulation participating in the lending of shares in the transfer and financing business

√ Applicable □ Not applicable

Unit: Share

Shareholders holding more than 5% of shares, top 10 shareholders and top 10 shareholders with unlimited shares in circulation participating in the lending of shares in the transfer and financing business								
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-Perry CSI 300 Traded Open-End Index	24,211,397	0.65%	3,500	0.00%	26,458,197	0.71%	3,500	0.00%

Fund								
China Construction Bank Corporation - E Fund CSI 300 Traded Open Index Initiated Securities Investment Fund	16,781,080	0.45%	52,100	0.00%	17,552,480	0.47%	9,000	0.00%

Top 10 shareholders and top 10 shareholders with unlimited number of outstanding shares changed from the previous period due to lending/returning of convertible bonds

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.

IV. Shareholding changes of directors, supervisors, senior management personnel

Applicable Not applicable

Name	Title	Tenure status	Number of shares held at the period-begin (shares)	Number of additional shares held during the period (shares)	Number of shares reduced during the period (shares)	Number of shares held at the period-end (shares)	Number of restricted shares granted at the period-begin (shares)	Number of restricted shares granted during the period (shares)	Number of restricted shares granted at the period-end (shares)
Wang Dayong	Director, President	Incumbent	252,562	100,000	0	352,562	56,000	100,000	132,000
Ni Xiaoming	Director	Incumbent	245,062	80,000	0	325,062	49,000	80,000	108,000
Chen Yuzhong	Director, chief engineer	Incumbent	336,750	80,000	0	416,750	56,000	80,000	112,000
Hu Kaicheng	Vice president, Secretary of the board of directors	Incumbent	252,562	80,000	0	332,562	56,000	80,000	112,000
Yu Yingkui	Vice president, CFO	Incumbent	283,869	80,000	0	363,869	56,000	80,000	112,000
Total	--	--	1,370,805	420,000	0	1,790,805	273,000	420,000	576,000

V. Changes in Controlling Shareholders or Actual Controllers

Change of the controlling shareholder during the current reporting period

Applicable Not applicable

No such cases in the reporting period.

Change of the actual controller during the reporting period

Applicable Not applicable

No such cases in the current reporting period.

Section VIII Information of Preferred Shares

Applicable Not applicable

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

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Audit report

Whether the semi-annual report is audited

Yes No

The Company's 2024 Semi-annual Financial Report has not been audited.

II. Financial Statements

Units of financial reports in the notes: RMB

1. Consolidated balance sheet

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

June 30, 2024

Unit: RMB

Items	June 30, 2024	January 1, 2024
Current asset:		
Cash and Bank Balances	5,222,883,432.16	6,584,684,683.93
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	100,000,000.00	
Derivative financial assets	10,931,764.44	22,636,112.68
Notes receivable	2,675,326,003.36	2,476,839,413.89
Accounts receivable	7,152,843,602.65	5,773,991,481.22
Receivable financing		
Advances paid	151,070,635.58	133,792,623.54
Premium receivable		
Reinsurance accounts receivable		
Reinsurance reserves receivable		
Other receivables	189,681,028.61	227,792,892.12
Including: Interest receivable		
Dividends receivable		
Repurchasing of financial assets		
Inventories	4,509,575,295.73	4,600,729,378.19
Including: Data resources		
Contract assets		
Assets held for sales		
Non-current assets due within one year		
Other current assets	191,097,848.27	251,073,584.56

Total current assets	20,203,409,610.80	20,071,540,170.13
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivable		3,805,833.60
Long-term equity investments	37,094,293.30	37,924,431.29
Other equity instrument investments		
Other non-current financial assets		
Investment property	7,588,431.93	8,165,805.31
Fixed assets	8,018,985,493.67	7,730,363,778.82
Construction in progress	2,746,629,632.47	2,036,326,757.72
Productive biological assets		
Oil & gas assets		
Right-of-use assets	273,457,356.51	313,254,745.53
Intangible assets	1,022,779,188.91	843,866,292.82
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	6,583,577.40	6,785,228.04
Long-term prepayments	139,905,636.19	118,096,436.09
Deferred tax assets	102,523,517.15	156,432,157.23
Other non-current assets	541,833,750.09	564,023,136.83
Total non-current assets	12,897,380,877.62	11,819,044,603.28
Total assets	33,100,790,488.42	31,890,584,773.41
Current liabilities:		
Short-term borrowings	1,398,200,202.82	1,212,150,378.85
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		3,500,000.00
Derivative financial liabilities	36,903,370.31	10,719,110.02
Notes payable	3,520,145,951.34	3,416,711,594.64
Accounts payable	5,033,866,555.98	4,449,940,359.81
Advances received		
Contract liabilities	62,714,790.24	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	494,084,219.25	598,801,246.34
Taxes and rates payable	272,273,758.52	382,396,791.19
Other payables	578,350,601.82	250,642,662.86
Including: Interest Payable		
Dividends		

Payable		
Handling fee and commission payable		
Reinsurance accounts payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	292,569,239.45	1,440,093,253.93
Other current liabilities	2,837,216.89	2,099,986.27
Total current liabilities	11,691,945,906.62	11,818,844,185.94
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	2,220,000,000.00	1,030,801,111.13
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	198,342,644.46	221,295,481.86
Long-term payables	17,497,031.70	11,290,788.32
Long-term employee benefits payable	37,014,460.55	39,840,362.77
Provisions		
Deferred income	411,084,710.03	379,140,042.48
Deferred tax liabilities	247,868,736.73	307,511,069.30
Other non-current liabilities	18,154,107.25	18,154,107.25
Total non-current liabilities	3,149,961,690.72	2,008,032,963.11
Total liabilities	14,841,907,597.34	13,826,877,149.05
Equity:		
Share capital	3,732,615,535.00	3,732,615,535.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	3,198,382,978.14	3,455,643,565.98
Less: Treasury shares	435,418,676.78	423,468,591.57
Other comprehensive income	-56,162,453.59	114,757,064.28
Special reserve		
Surplus reserve	1,011,914,243.67	1,011,914,243.67
General risk reserve		
Undistributed profit	10,590,831,458.68	10,002,942,167.43
Total equity attributable to the parent Company	18,042,163,085.12	17,894,403,984.79
Non-controlling interest	216,719,805.96	169,303,639.57
Total equity	18,258,882,891.08	18,063,707,624.36
Total liabilities & equity	33,100,790,488.42	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	June 30, 2024	January 1, 2024
Current assets:		
Cash and bank balances	1,972,313,106.42	3,755,111,885.56

Held-for-trading financial assets	100,000,000.00	
Derivative financial assets	8,355,659.20	1,463,100.00
Notes receivable	391,660,072.05	1,293,651,597.02
Accounts receivable	1,533,553,307.90	703,445,875.41
Receivables financing		
Advances paid	8,883,876.05	7,501,313.44
Other receivables	467,355,212.61	2,269,591,236.02
Including: Interest Receivable		
Dividends Receivable		550,000,000.00
Inventories	683,943,972.23	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		
Total current assets	5,166,065,206.46	8,803,194,369.24
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable	500,000.00	500,000.00
Long-term equity investments	9,167,742,923.42	8,880,133,268.57
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	1,654,521,000.34	1,623,330,889.08
Construction in progress	64,544,194.78	53,871,265.08
Productive biological assets		
Oil & gas assets		
Right-of-use assets	7,341,677.21	9,370,623.95
Intangible assets	142,242,171.23	142,130,830.79
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term prepayments	16,887,644.98	15,876,569.88
Deferred tax assets		5,587,256.35
Other non-current assets	79,453,826.12	99,458,254.31
Total non-current assets	11,133,233,438.08	10,830,258,958.01
Total assets	16,299,298,644.54	19,633,453,327.25
Current liabilities:		
Short-term borrowings	400,368,222.26	202,384,500.02
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	579,704,486.32	559,657,858.19

Accounts payable	1,769,427,802.35	1,465,144,230.80
Advances received		
Contract liabilities	1,053,654.28	121,488.76
Employee benefits payable	95,894,342.21	127,817,926.77
Taxes and rates payable	34,905,187.74	112,191,203.17
Other payables	749,086,724.15	4,315,100,068.76
Including: interest payable		
Dividends Payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	236,096,564.61	1,373,267,226.41
Other current liabilities		
Total current liabilities	3,866,536,983.92	8,155,684,502.88
Non-current liabilities:		
Long-term borrowings	2,170,000,000.00	1,030,801,111.13
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	3,451,045.86	5,571,522.93
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	48,351,515.00	47,332,045.49
Deferred tax liabilities	72,722,628.72	81,604,566.52
Other non-current liabilities		
Total non-current liabilities	2,294,525,189.58	1,165,309,246.07
Total liabilities	6,161,062,173.50	9,320,993,748.95
Equity:		
Share capital	3,732,615,535.00	3,732,615,535.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	4,100,378,768.83	4,351,276,453.48
Less: treasury shares	435,418,676.78	423,468,591.57
Other comprehensive income		
Special reserve		
Surplus reserve	883,822,071.35	883,822,071.35
Undistributed profit	1,856,838,772.64	1,768,214,110.04
Total equity	10,138,236,471.04	10,312,459,578.30
Total liabilities & equity	16,299,298,644.54	19,633,453,327.25

3. Consolidated Income statement

Unit: RMB

Items	2024 Interim	2023 Interim
I. Total operating revenue	13,676,072,161.08	12,528,920,625.59
Including: Operating revenue	13,676,072,161.08	12,528,920,625.59
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	11,770,455,716.86	10,680,635,898.54
Including: Operating cost	9,920,390,318.93	9,308,660,916.27
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	84,233,430.28	59,377,415.32
Selling expenses	297,002,465.74	264,131,730.27
Administrative expenses	887,999,303.50	619,856,574.65
R&D expenses	632,611,907.96	580,269,632.04
Financial expenses	-51,781,709.55	-151,660,370.01
Including: Interest expenses	71,736,060.65	126,688,323.68
Interest income	84,853,231.77	87,661,462.57
Add: Other income	128,552,012.14	62,816,875.53
Investment income (or less: losses)	-11,680,068.63	-46,142,073.31
Including: Investment income from associates and joint ventures	5,419,862.01	5,296,750.30
Gains from derecognition of financial assets at amortized cost		-8,174,613.92
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)	-43,077,568.28	-88,814,525.03
Credit impairment loss (or less: losses)	-76,800,982.89	-72,153,972.68
Assets impairment loss (or less: losses)	-44,434,103.33	-24,923,403.90
Gains on asset disposal (or less: losses)	-245,261.28	-406,527.50
III. Operating profit (or less: losses)	1,857,930,471.95	1,678,661,100.16
Add: Non-operating revenue	4,559,030.63	4,564,351.93

Less: Non-operating expenditures	8,527,704.42	5,260,738.91
IV. Profit before tax (or less: total loss)	1,853,961,798.16	1,677,964,713.18
Less: Income tax expense	332,296,145.99	263,470,197.45
V. Net profit (or less: net loss)	1,521,665,652.17	1,414,494,515.73
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	1,521,665,652.17	1,414,494,515.73
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)	1,514,515,444.75	1,394,760,848.85
2. Net profit attributable to non-controlling shareholders (or less: net loss)	7,150,207.42	19,733,666.88
VI. Other comprehensive income after tax	-170,919,517.87	94,145,944.13
Items attributable to the owners of the parent Company	-170,919,517.87	94,145,944.13
(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	-170,919,517.87	94,145,944.13
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	-170,919,517.87	94,145,944.13
7. Others		

Items attributable to non-controlling shareholders		
VII. Total comprehensive income	1,350,746,134.30	1,508,640,459.86
Items attributable to the owners of the parent Company	1,343,595,926.88	1,488,906,792.98
Items attributable to non-controlling shareholders	7,150,207.42	19,733,666.88
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	0.40	0.39
(II) Diluted EPS (yuan per share)	0.40	0.39

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	2024 Interim	2023 Interim
I. Operating revenue	3,604,910,150.35	3,376,084,891.56
Less: Operating cost	2,699,896,113.74	2,626,431,304.22
Taxes and surcharges	20,108,843.46	16,723,005.44
Selling expenses	16,870,927.89	15,955,241.78
Administrative expenses	176,761,913.69	134,058,887.06
R&D expenses	146,298,916.01	153,802,234.31
Financial expenses	-2,764,047.88	44,791,262.57
Including: Interest expenses	41,595,966.73	106,958,559.19
Interest income	47,883,088.75	59,962,732.06
Add: Other income	13,056,130.43	18,207,329.04
Investment income (or less: losses)	523,114,161.13	64,615,265.38
Including: Investment income from associates and joint ventures	4,819,302.01	4,605,330.06
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)	1,842,559.20	-2,692,778.64
Credit impairment loss (or less: losses)	4,001,428.97	-3,773,476.35
Assets impairment loss (or less: losses)		
Gains on asset disposal (or less: losses)	2,972.81	102,873.11
II. Operating profit (or less: losses)	1,089,754,735.98	460,782,168.72
Add: Non-operating revenue	1,076,815.23	522,218.81
Less: Non-operating expenditures	1,652,847.65	622,679.50
III. Profit before tax (or less: total loss)	1,089,178,703.56	460,681,708.03

Less: Income tax expense	73,927,887.46	53,317,816.09
IV. Net profit (or less: net loss)	1,015,250,816.10	407,363,891.94
(I) Net profit from continuing operations (or less: net loss)	1,015,250,816.10	407,363,891.94
(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	1,015,250,816.10	407,363,891.94
VII. Earnings per share (EPS):		
(I) Basic EPS		
(II) Diluted EPS		

5. Consolidated Cash Flow Statement

Unit: RMB

Items	2024 Interim	2023 Interim
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	12,835,226,773.27	12,310,137,775.42
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	418,010,676.37	230,989,224.84
Other cash receipts related to operating activities	238,171,867.92	115,095,499.27
Subtotal of cash inflows from operating activities	13,491,409,317.56	12,656,222,499.53
Cash payments for goods purchased and services received	9,064,591,310.07	8,435,913,051.14
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	2,086,751,143.95	1,745,042,767.20
Cash payments for taxes and rates	691,470,586.47	370,908,197.71
Other cash payments related to operating activities	486,966,400.90	385,684,889.87
Subtotal of cash outflows from operating activities	12,329,779,441.39	10,937,548,905.92
Net cash flows from operating activities	1,161,629,876.17	1,718,673,593.61
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	7,417,488.90	11,925,092.64
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	358,018.25	560,463,829.79
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	599,458,224.67	454,311,380.20
Subtotal of cash inflows from	607,233,731.82	1,026,700,302.63

investing activities		
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1,595,170,957.86	1,938,773,141.25
Cash payments for investments		3,500,000.00
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	439,605,851.15	75,198,297.70
Subtotal of cash outflows from investing activities	2,034,776,809.01	2,017,471,438.95
Net cash flows from investing activities	-1,427,543,077.19	-990,771,136.32
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	337,623,562.50	7,090,938.20
Including: Cash received by subsidiaries from non-controlling shareholders as investments	35,010,251.75	7,090,938.20
Cash receipts from borrowings	1,390,000,000.00	918,843,500.00
Other cash receipts related to financing activities	29,918,063.05	39,626,352.75
Subtotal of cash inflows from financing activities	1,757,541,625.55	965,560,790.95
Cash payments for the repayment of borrowings	1,140,000,000.00	967,560,802.01
Cash payments for distribution of dividends or profits and for interest expenses	993,916,578.17	806,707,757.88
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit	1,200,000.00	19,951,954.67
Other cash payments related to financing activities	362,563,704.94	68,498,477.35
Subtotal of cash outflows from financing activities	2,496,480,283.11	1,842,767,037.24
Net cash flows from financing activities	-738,938,657.56	-877,206,246.29
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-44,543,473.28	149,575,367.55
V. Net increase in cash and cash equivalents	-1,049,395,331.86	271,578.55
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	2,575,560,166.98	2,050,600,180.32

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	2024 Interim	2023 Interim
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I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	3,766,750,803.41	2,915,020,263.22
Receipts of tax refund	55,669,134.77	59,871,119.99
Other cash receipts related to operating activities	104,539,629.58	59,140,225.47
Subtotal of cash inflows from operating activities	3,926,959,567.76	3,034,031,608.68
Cash payments for goods purchased and services received	1,963,487,906.98	1,801,889,579.35
Cash paid to and on behalf of employees	351,014,174.24	310,450,399.64
Cash payments for taxes and rates	94,604,476.46	81,786,514.53
Other cash payments related to operating activities	70,526,615.25	51,315,280.70
Subtotal of cash outflows from operating activities	2,479,633,172.93	2,245,441,774.22
Net cash flows from operating activities	1,447,326,394.83	788,589,834.46
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	1,060,191,424.87	61,868,191.54
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	7,900.00	91,582,409.06
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	1,116,585,714.74	462,874,796.10
Subtotal of cash inflows from investing activities	2,176,785,039.61	616,325,396.70
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	103,365,117.04	82,942,530.86
Cash payments for investments	1,230,161,306.01	145,114,207.25
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	372,443,768.69	979,549,544.59
Subtotal of cash outflows from investing activities	1,705,970,191.74	1,207,606,282.70
Net cash flows from investing activities	470,814,847.87	-591,280,886.00
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	292,692,500.00	
Cash receipts from borrowings	1,340,000,000.00	
Other cash receipts related to financing activities	1,022,395,689.59	573,060,328.06
Subtotal of cash inflows from financing activities	2,655,088,189.59	573,060,328.06

Cash payments for the repayment of borrowings	1,140,000,000.00	199,092,500.00
Cash payments for distribution of dividends or profits and for interest expenses	968,772,142.42	768,979,698.33
Other cash payments related to financing activities	3,754,705,275.57	1,711,728.00
Subtotal of cash outflows from financing activities	5,863,477,417.99	969,783,926.33
Net cash flows from financing activities	-3,208,389,228.40	-396,723,598.27
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-1,290,247,985.70	-199,414,649.81
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	502,950,315.92	797,263,519.57

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Items	2024 Interim														
	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															
Business combination under common control															
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)					-257,260,587.84	11,950,085.21	-170,919,517.87				587,889,291.25		147,759,100.33	47,416,166.39	195,175,266.72
(I) Total comprehensive							-170,919				1,514,515,444.75		1,343,595,926.88	7,150,207.42	1,350,746,134.30

e income							,517.87								
(II) Capital contributed or withdrawn by owners					- 257,260, 587.84	11,950,0 85.21						- 269,210,6 73.05	41,465,9 58.97	- 227,744,714. 08	
1. Ordinary shares contributed by owners						- 577,662, 900.00						577,662,9 00.00	35,103,0 55.78	612,765,955. 78	
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity					34,072,7 15.35	289,635, 250.00						- 255,562,5 34.65		- 255,562,534. 65	
4. Others					- 291,333, 303.19	299,977, 735.21						- 591,311,0 38.40	6,362,90 3.19	- 584,948,135. 21	
(III) Profit distribution												- 926,626, 153.50	- 926,626,1 53.50	- 1,200,00 0.00	- 927,826,153. 50
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners												- 926,626, 153.50	- 926,626,1 53.50	- 1,200,00 0.00	- 927,826,153. 50
4. 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															
(V) Special reserve															
1. Appropriation of current period															
2. Application of current period															
(VI) Others															
IV. Balance at	3,732,				3,198,38	435,418,	-		1,011,91		10,590,8		18,042,16	216,719,	18,258,882,8

the end of current period	615,535.00				2,978.14	676.78	56,162,453.59		4,243.67		31,458.68		3,085.12	805.96	91.08
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Amount of Previous Period

Unit: RMB

Items	2023 Interim														
	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															
Business combination under common control															
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	1,371,			-	87,217,2	-	94,145,9				677,788,		952,088,	6,872,65	958,961,093.

period increase (or less: decrease)	403.0 0			4,47 2,83 0.40	28.12	96,038,3 60.00	44.13				338.45		443.30	0.41	71
(I) Total comprehensive income							94,145,9 44.13				1,394,76 0,848.85		1,488,90 6,792.98	19,733,6 66.88	1,508,640,45 9.86
(II) Capital contributed or withdrawn by owners	1,371, 403.0 0			- 4,47 2,83 0.40	87,217,2 28.12	- 96,038,3 60.00							180,154, 160.72	7,090,93 8.20	187,245,098. 92
1. Ordinary shares contributed by owners	- 180,4 00.00				- 1,392,36 0.00	- 1,572,76 0.00								7,090,93 8.20	7,090,938.20
2. Capital contributed by holders of other equity instruments	1,551, 803.0 0			- 4,47 2,83 0.40	33,834,5 51.10								30,913,5 23.70	0.00	30,913,523.7 0
3. Amount of share-based payment included in equity					39,079,8 81.17								39,079,8 81.17	0.00	39,079,881.1 7
4. Others					15,695,1 55.85	- 94,465,6 00.00							110,160, 755.85	0.00	110,160,755. 85
(III) Profit distribution											- 716,972, 510.40		- 716,972, 510.40	19,951,9 54.67	- 736,924,465. 07
1. Appropriation of surplus reserve														0.00	0.00
2. Appropriation of general risk reserve														0.00	0.00

of current period															
(VI) Others															
IV. Balance at the end of current period	3,592,240,868.00			405,072,140.01	369,819,924.10	233,984,615.53	85,602,895.80		863,523,059.01		8,811,124,581.33		13,893,398,852.72	184,862,431.81	14,078,261,284.53

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

Amount of this period

Unit: RMB

Items	2024 Interim											Total equity
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	
		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)					-250,897,684.65	11,950,085.21				88,624,662.60		-174,223,107.26

(I) Total comprehensive income										1,015,250,816.10		1,015,250,816.10
(II) Capital contributed or withdrawn by owners					250,897,684.65	11,950,085.21						-262,847,769.86
1. Ordinary shares contributed by owners						577,662,900.00						577,662,900.00
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in equity					34,072,715.35	289,635,250.00						-255,562,534.65
4. Others					284,970,400.00	299,977,735.21						-584,948,135.21
(III) Profit distribution										926,626,153.50		-926,626,153.50
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										926,626,153.50		-926,626,153.50
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												
(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				4,100,378,768.83	435,418,676.78			883,822,071.35	1,856,838,772.64		10,138,236,471.04

Amount of Previous Period

Unit: RMB

Items	2023 Interim										
	Share	Other equity instruments	Capital		Other	Spec	Surplus		Othe	Total equity	

	Capital	Preferred shares	Perpetual bonds	Others	reserve	Less: treasury shares	comprehensive income	ial reserve	reserve	Undistributed profit	rs	
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 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)	1,371,403.00			4,472,830.40	79,575,409.66	96,038,360.00				309,608,618.46		137,096,276.20
(I) Total comprehensive income										407,363,891.94		407,363,891.94
(II) Capital contributed or withdrawn by owners	1,371,403.00			4,472,830.40	79,575,409.66	96,038,360.00						172,512,342.26
1. Ordinary shares contributed by owners	180,400.00				1,392,360.00	1,572,760.00						
2. Capital contributed by holders of	1,551,803.00			4,472,830.40	33,834,551.10							30,913,523.70

other equity instruments												
3. Amount of share-based payment included in equity					39,079,881.17							39,079,881.17
4. Others					8,053,337.39	-94,465,600.00						102,518,937.39
(III) Profit distribution										-716,972,510.40		-716,972,510.40
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										-716,972,510.40		-716,972,510.40
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												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Balance at the end of current period	3,592,240,868.00			405,072,140.01	1,260,401,764.79	233,984,615.53			735,430,886.69	1,026,080,660.48		6,785,241,704.44

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 3,732,615,535.00 yuan, total share of 3,732,615,535 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. Business scope includes production and marketing of Service Valve, Electronic Expansion valve, Drainage Pump, Solenoid Valve, One-way Valve, Compressor Parts, Pressure Pipeline Components, Electromechanical Hydraulic Control Pump and other electromechanical hydraulic control components, undertaking services of inspection, test and analysis of refrigeration accessories, and engaging in import and export business. Main products include control components and parts of household appliances and automobile A/C.

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.

This financial statement has been approved for external disclosure by the 26th extraordinary board of directors of the company on August 28, 2024.

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:

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

items	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 transactions and foreign currency statement 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.

Recognition criteria and accrual method for expected credit losses of receivables and contract assets

1. Receivables and contract assets 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	Aging	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
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.

11. 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. Basis for determining net realizable value

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.

4. Inventory system

The perpetual inventory system is adopted.

5. 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.

12. 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.

13. Investment property

Measurement model of investment property

Cost method measurement

Depreciation or amortization method

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

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.

14. 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	20-30	0-5	3.17~5.00
Machinery and equipment	Straight-line method	5-12	0-5	7.92~20.00
Measurement analysis equipment	Straight-line method	5-10	0-5	9.50~19.00
Vehicle	Straight-line method	5-8	0-5	11.88~20.00
Office equipment and others	Straight-line method	5-8	0-5	11.88~20.00

15. 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

16. 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.

17. Intangible assets

(1) Service life and its basis for determination, estimate, amortization method or review procedure

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. 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. 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.

18. 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.

19. 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.

20. 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 benefit plans are mainly classified as defined contribution plans. 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.

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. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

21. Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

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.

22. 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.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

(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.

23. Revenue

Disclosure of accounting policies used for revenue recognition and measurement according to transaction type

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.

The situation where similar businesses adopt different business models involving different revenue recognition and measurement methods.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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, discounted using the interest rate implicit in the lease. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in 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.

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.

29. 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;

3. For which accounting information regarding financial position, financial performance and cash flows is available through analysis.

30. Share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees. The amount actually paid shall be treated as treasury stock and registered for future reference at the same time. If the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

31. Changes in significant accounting policies and accounting estimates

(1) Implement the relevant regulations of Interpretation of China Accounting Standards for Business Enterprises No. 17

On October 25, 2023, the Ministry of Finance issued Interpretation No. 17 of the China Accounting Standards for Business Enterprises (Finance and Accounting [2023] No. 21) (hereinafter referred to as "Interpretation No. 17"), which will come into effect on January 1, 2024. Our company will implement the provisions of Interpretation No. 17 from January 1, 2024. The relevant provisions of Interpretation No. 17 have no significant impact on the financial statements of our company during the reporting period.

A: Classification of current liabilities and non current liabilities

Our company will implement this regulation from January 1, 2024, and its implementation will not have a significant impact on the company.

B: Disclosure of Supplier Financing Arrangements

Our company will implement this regulation from January 1, 2024, and its implementation will not have a significant impact on the company.

C: Accounting treatment of post-sale leaseback transactions

Our company will implement this regulation from January 1, 2024, and its implementation will not have a significant impact on the company.

(2) Reclassification of warranty fees for guarantee category

The finance department released the "Compilation of Application Guidelines for Enterprise Accounting Standards 2024" in March 2024, which stipulates that warranty fees should be included in operating costs.

Our company will implement this regulation from January 1, 2024, and reclassify the warranty expenses that were originally included in sales expenses for each reporting period into operating costs.

This accounting policy change will affect the "operating costs" and "sales expenses" in the company's income

statement, but will not affect the company's "operating revenue" and "operating profit", and will not have a significant impact on the company's financial condition and operating results. The impact of this accounting policy change on the financial statements for the first half of 2023 is as follows:

Report project	Income Statement for January June 2023		
	Amount before adjustment	Correction of affected amount	Amount after adjustment
consolidated Income Statement			
Operating costs	9,295,615,081.75	13,045,834.52	9,308,660,916.27
selling expenses	277,177,564.79	-13,045,834.52	264,131,730.27
Income Statement of the Parent Company			
Operating costs	2,625,734,196.14	697,108.08	2,626,431,304.22
selling expenses	16,652,349.86	-697,108.08	15,955,241.78

VI. Taxes

1. Major categories of taxes and tax rates

Tax Type	Taxation basis	Tax rate
Enterprise income tax	Taxable income	15%, 25%
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%
Housing 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%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
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%
Wuhu Sanhua Auto-control Components Co., Ltd and 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	611,537.90	291,216.13
Cash in bank	5,171,938,336.92	6,507,907,610.98
Other cash and bank balances	50,333,557.34	76,485,856.82
Total	5,222,883,432.16	6,584,684,683.93
Including: Deposited overseas	964,008,405.86	510,550,872.27

Other remarks:

As of June 30, 2024, bank deposits containing large deposit certificates with fixed interest rates amounted to 2597.0668 million yuan.

2. Held-for-trading financial assets

Unit: RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	100,000,000.00	
Including:		
Financial products	100,000,000.00	
Including:		
Total	100,000,000.00	

3. Derivative Financial Assets

Unit: RMB

Items	Closing balance	Opening balance
Foreign exchange tool	7,171,639.44	20,878,992.10
Futures tools	3,760,125.00	1,757,120.58
Total	10,931,764.44	22,636,112.68

4. Notes receivable

(1) Categories of notes receivable

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance	2,561,934,390.67	2,332,015,457.09
Trade acceptance	5,775,043.04	7,632,781.39
Financial company acceptance	107,616,569.65	137,191,175.41
Total	2,675,326,003.36	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	2,681,293,983.00	100.00%	5,967,979.64	0.22%	2,675,326,003.36	2,484,457,759.72	100.00%	7,618,345.83	0.31%	2,476,839,413.89
Including:										
Bank acceptance	2,561,934,390.67	95.55%	0.00		2,561,934,390.67	2,332,015,457.09	93.87%			2,332,015,457.09
Financial company acceptance	113,280,599.64	4.22%	5,664,029.99	5.00%	107,616,569.65	144,407,795.90	5.81%	7,216,620.49	5.00%	137,191,175.41
Trade acceptance	6,078,992.69	0.23%	303,949.65	5.00%	5,775,043.04	8,034,506.73	0.32%	401,725.34	5.00%	7,632,781.39
Total	2,681,293,983.00	100.00%	5,967,979.64	0.22%	2,675,326,003.36	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	2,561,934,390.67		
Financial company acceptance	113,280,599.64	5,664,029.99	5.00%

Trade acceptance portfolio	6,078,992.69	303,949.65	5.00%
Total	2,681,293,983.00	5,967,979.64	

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

Applicable Not Applicable

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	7,618,345.83			7,618,345.83
The balance as of January 1, 2024 is in the current period				
Provision for this period	-1,650,366.19			-1,650,366.19
Balance on June 30, 2024	5,967,979.64			5,967,979.64

(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 reversed	Write off	Others	
Provision for bad debt made on a collective basis	7,618,345.83	-1,650,366.19				5,967,979.64
Total	7,618,345.83	-1,650,366.19				5,967,979.64

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	1,793,910,736.57
Financial company acceptance	72,114,823.15
Total	1,866,025,559.72

(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	71,858,630.91	
Total	71,858,630.91	

5. Accounts receivable**(1) Disclosure of accounts receivable by aging**

Unit: RMB

AR Aging	Closing balance	Opening balance
Within 1 year (including one year)	7,475,428,437.53	6,039,601,208.01
1 to 2 years	55,145,447.10	45,652,788.88
2 to 3 years	11,138,289.75	388,260.85
Over 3 years	447,720.11	265,553.29
Total	7,542,159,894.49	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	8,312,148.34	0.11%	8,312,148.34	100.00%		5,690,817.36	0.09%	5,690,817.36	100.00%	
Including:										

Receivables with provision made on a collective basis	7,533,847,746.15	99.89%	381,004,143.50	5.06%	7,152,843,602.65	6,080,216,993.67	99.91%	306,225,512.45	5.04%	5,773,991,481.22
Including:										
Total	7,542,159,894.49	100.00%	389,316,291.84	5.16%	7,152,843,602.65	6,085,907,811.03	100.00%	311,916,329.81	5.13%	5,773,991,481.22

Provision made on an individual basis:

There are no provisions made on an individual basis need to be disclosed in this period.

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	7,472,842,540.14	373,642,127.09	5.00%
1 to 2 years	55,145,447.10	5,514,544.71	10.00%
2 to 3 years	5,412,038.80	1,623,611.64	30.00%
Over 3 years	447,720.11	223,860.06	50.00%
Total	7,533,847,746.15	381,004,143.50	

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

Applicable Not Applicable

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	301,980,060.40	3,996,197.15	5,940,072.26	311,916,329.81
The balance as of January 1, 2024 is in the current period				
Provision accrued in the current period	72,270,331.20	1,518,347.56	4,731,190.87	78,519,869.63
Provision reversed in current period	608,264.51		511,643.09	1,119,907.60
Balance on June 30, 2024	373,642,127.09	5,514,544.71	10,159,620.04	389,316,291.84

(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	Write off	Others	
Receivables with provision made on an individual basis	5,690,817.36	3,132,974.07		511,643.09		8,312,148.34
Receivables with provision made on a collective basis	306,225,512.45	75,386,895.56		608,264.51		381,004,143.50
Total	311,916,329.81	78,519,869.63		1,119,907.60		389,316,291.84

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

Unit: RMB

Item	Amount
Actually written off amount	1,119,907.60

There were no significant write-offs of accounts receivable during the period

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

Closing balance of top 5 debtors totaled 3835.4284 million yuan, accounting for 50.85% of the total closing balance of accounts receivable. The corresponding provision for bad debts of accounts receivable is 191.8120 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 June 30, 2024, the company had 1905.2108 million yuan of digital and electronic debt vouchers in hand, and 62.4937 million yuan of digital and electronic debt vouchers that had been transferred for payment but not expired.

6. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Other receivables	189,681,028.61	227,792,892.12
Total	189,681,028.61	227,792,892.12

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Items	Closing balance	Opening balance
Tax refund receivable	110,811,217.75	164,712,845.63
Guarantee deposits	27,057,636.23	45,694,632.70
Others	58,138,036.58	25,466,493.81

Total	196,006,890.56	235,873,972.14
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2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including one year)	185,914,210.46	209,294,612.66
1 to 2 years	4,500,822.46	7,805,876.63
2 to 3 years	2,040,040.72	6,125,806.34
Over 3 years	3,551,816.92	12,647,676.51
Total	196,006,890.56	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	116,157,030.43	59.26%			116,157,030.43	170,268,281.68	72.19%			170,268,281.68
Including:										

Provision made on a collective basis	79,849,860.13	40.74%	6,325,861.95	7.92%	73,523,998.18	65,605,690.46	27.81%	8,081,080.02	12.32%	57,524,610.44
Including:										
Total	196,006,890.56	100.00%	6,325,861.95	3.23%	189,681,028.61	235,873,972.14	100.00%	8,081,080.02	3.43%	227,792,892.12

Provision made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	69,757,180.03	3,487,859.03	5.00%
1 to 2 years	4,500,822.46	450,082.24	10.00%
2 to 3 years	2,040,040.72	612,012.22	30.00%
Over 3 years	3,551,816.92	1,775,908.46	50.00%
Total	79,849,860.13	6,325,861.95	

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				
Provision for this period	1,186,570.95	-330,505.43	-924,586.07	-68,520.55
Write off for this period			1,686,697.52	1,686,697.52
Balance on June 30, 2024	3,487,859.03	450,082.24	2,387,920.68	6,325,861.95

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

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	Write off	Others	
Provision for bad debt	8,081,080.02	-68,520.55		1,686,697.52		6,325,861.95
Total	8,081,080.02	-68,520.55		1,686,697.52		6,325,861.95

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

Unit: RMB

Item	Amount
Actually written off amount	1,686,697.52

There were no significant write-offs of accounts receivable during the period.

6) Details of the top 5 debtors with largest balances

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
Tax refund receivables	Tax refund	110,811,217.75	Within 1 year	56.53%	
US Customs	Customs deposit	5,345,812.68	Within 1 year	2.73%	
Hailiang (Anhui) Copper Industry Co., Ltd	Performance bond	4,000,000.00	Within 1 year	2.04%	200,000.00
Shaoxing Binhai New City Development and Construction Co., Ltd	Performance bond	1,311,000.00	Within 1 year	0.67%	65,550.00
Hisense Refrigerator Co., Ltd	Performance bond	800,000.00	0 to 2 years	0.41%	65,000.00
Total		122,268,030.43		62.38%	330,550.00

7. Advances paid**(1) Advances paid by aging**

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	142,420,509.02	94.27%	128,617,877.12	96.13%
1 to 2 years	4,641,165.56	3.07%	2,851,372.48	2.13%
2 to 3 years	3,601,200.00	2.38%	1,053,936.12	0.79%
Over 3 years	407,761.00	0.27%	1,269,437.82	0.95%
Total	151,070,635.58		133,792,623.54	

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

Closing balance of top 5 debtors totaled 27,328,487.07 yuan, accounting for 18.09% of the total closing balance.

8. Inventories

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

Yes 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	1,120,760,900.49	67,612,940.35	1,053,147,960.14	932,169,486.90	61,788,757.16	870,380,729.74
Work-in-progress	706,437,334.08	8,597,976.58	697,839,357.50	596,409,922.79	1,602,512.78	594,807,410.01
Finished goods	2,798,119,611.53	54,209,754.07	2,743,909,857.46	3,179,557,350.47	50,888,480.61	3,128,668,869.86
Others	14,678,120.63		14,678,120.63	6,872,368.58		6,872,368.58
Total	4,639,995,966.73	130,420,671.00	4,509,575,295.73	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	16,531,019.49		10,706,836.30		67,612,940.35
Work-in-progress	1,602,512.78	6,922,057.90	73,405.90			8,597,976.58
Finished goods	50,888,480.61	29,728,741.33	54,502.21	26,461,970.08		54,209,754.07
Total	114,279,750.55	53,181,818.72	127,908.11	37,168,806.38		130,420,671.00

9. Other current assets

Unit: RMB

Items	Closing balance	Opening balance
Deductible input tax	166,625,073.66	186,254,431.54
Prepaid Enterprise income tax	13,564,061.42	61,993,000.46
Others	10,908,713.19	2,826,152.56
Total	191,097,848.27	251,073,584.56

10. 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	
Guarantee of quality	35,133,388.24		35,133,388.24				
Unrecognised financing gain	35,133,388.24		35,133,388.24				
Total	0.00		0.00	3,805,833.60		3,805,833.60	

11. 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												
Chongqing Tainuo Machinery Co., Ltd.	18,304,176.79				2,882,088.15					-5,000,000.00		16,186,264.94
Qingdao Sanhua Jinlifeng Machinery Co., Ltd.	7,207,202.81				1,524,268.57				0.00			8,731,471.38
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd	4,941,151.03				118,788.95				0.00			5,059,939.98
Ningbo Jinlifeng Machinery Co., Ltd.	2,818,824.39				648,292.40				-1,250,000.00			2,217,116.79
Xinchang zhejiang energy sanhua comprehensive energy co. LTD	1,846,762.69				26,931.08				0.00			1,873,693.77
Zhongshan Xuanyi Pipe Manufacturing Co., Ltd	2,806,313.58				219,492.86				0.00			3,025,806.44
Subtotal	37,924,431.29				5,419,862.01				-6,250,000.00			37,094,293.30
Total	37,924,431.29				5,419,862.01				-6,250,000.00			37,094,293.30

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. Investment property

(1) Investment property measured by cost method

Applicable Not Applicable

Unit: RMB

Items	Buildings and structures	Land use right and Overseas land ownership	Total
<input type="checkbox"/> . Original Carrying amount			
1. Opening balance	12,988,799.79	3,465,907.20	16,454,706.99
2. Increase in current period	450,964.17	-87,097.50	363,866.67
(1) Acquisition	316,459.62		316,459.62
(2) Transferred in from inventory\fixed assets\ construction in progress			
(3) Increase in business merger			
(4) Converted difference in Foreign Currency Statements	134,504.55	-87,097.50	47,407.05
3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	13,439,763.96	3,378,809.70	16,818,573.66
<input type="checkbox"/> . Accumulated depreciation and amortization			
1. Opening balance	8,288,901.68		8,288,901.68
2. Increase in current period	941,240.05		941,240.05
(1) Accrual or amortization	1,130,899.10		1,130,899.10

(2) Converted difference in Foreign Currency Statements	-189,659.05		-189,659.05
3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	9,230,141.73		9,230,141.73
<input type="checkbox"/> . 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			
<input type="checkbox"/> . Carrying amount			
1. Closing balance	4,209,622.23	3,378,809.70	7,588,431.93
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

(2) Investment properties measured using fair value measurement model

Applicable Not Applicable

13. Fixed assets

Unit: RMB

Items	Closing balance	Opening balance
Fixed assets	8,018,985,493.67	7,730,363,778.82
Total	8,018,985,493.67	7,730,363,778.82

(1) Fixed assets

Unit: RMB

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Office and other equipment	Total
□. 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	168,209,500.72	369,757,804.33	2,933,853.21	56,850,274.09	597,751,432.35
(1) Acquisition	6,766,236.50	83,549,914.18	3,046,854.53	41,720,838.45	135,083,843.66
(2) Transferred in from construction in progress	189,294,675.78	291,617,863.12		15,907,577.71	496,820,116.61
(3) Increase in business merger					
(4) Converted difference in Foreign Currency Statements	-27,851,411.56	-5,409,972.97	-113,001.32	-778,142.07	-34,152,527.92
3. Decrease in current period	13,884,008.95	1,549,497.06	1,139,488.61	16,173,567.09	32,746,561.71
(1) Disposal or scrap	13,884,008.95	1,549,497.06	1,139,488.61	16,173,567.09	32,746,561.71
4. Closing balance	4,201,697,308.36	7,383,954,066.16	49,806,885.32	329,209,436.20	11,964,667,696.04
□. 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	77,379,049.75	241,976,625.64	2,135,428.43	16,097,827.56	337,588,931.38
(1) Accrual	79,877,741.83	246,201,849.56	2,199,871.81	16,394,494.52	344,673,957.72
(2) Converted difference in Foreign Currency Statements	-2,498,692.08	-4,225,223.92	-64,443.38	-296,666.96	-7,085,026.34
3. Decrease in current period	1,872,764.36	51,365,630.81	1,531,410.51	3,079,219.53	57,849,025.21

(1) Disposal or scrap	1,872,764.36	51,365,630.81	1,531,410.51	3,079,219.53	57,849,025.21
4. Closing balance	833,311,393.69	2,903,400,935.57	30,193,689.61	157,846,350.30	3,924,752,369.17
□. Provision for impairment					
1. Opening balance		23,829,156.84		457,426.74	24,286,583.58
2. Increase in current period					
(1) Accrual					
3. Decrease in current period		3,327,909.66		28,840.72	3,356,750.38
(1) Disposal or scrap		3,327,909.66		28,840.72	3,356,750.38
4. Closing balance		20,501,247.18		428,586.02	20,929,833.20
□. Carrying amount					
1. Closing balance	3,368,385,914.67	4,460,051,883.41	19,613,195.71	170,934,499.88	8,018,985,493.67
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	39,540,859.16	18,110,601.00	20,897,208.34	533,049.82	
Office equipment and others	402,344.15	369,309.29	32,624.86	410.00	
Subtotal	39,943,203.31	18,479,910.29	20,929,833.20	533,459.82	

(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Closing balance
Buildings and structures	33,455,808.98

(4) Fixed assets with certificate of titles being unsettled

Unit: RMB

Item	Carrying amount	Reasons for unsettlement
Sitong new factory1# production	36,197,351.79	New assets, the certificate of title to

workshop and power workshop		be processed uniformly after the overall completion
Parts, accessories, and Class A warehouse in the new factory of Sitong	23,701,068.10	New assets, the certificate of title to be processed uniformly after the overall completion
Pump and auxiliary room in the new factory of Sitong	7,325,165.81	New assets, the certificate of title to be processed uniformly after the overall completion
Dormitory of Sitong 1#&2#	42,178,969.78	New assets, the certificate of title to be processed uniformly after the overall completion
Factory 13-15# in Meichu North District	159,442,014.54	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	38,098,009.54	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	425,779,181.41	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	62,151,537.91	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial dormitory 1-4#	148,034,040.06	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial canteens, training buildings, etc	38,537,450.24	New assets, the certificate of title to be processed uniformly after the overall completion
Wuhu Sanhua Automatic Control dormitory	72,466,558.09	New assets, the certificate of title to be processed uniformly after the overall completion
1 # Super workshop and power plant	187,076,296.94	New assets, the certificate of title to be processed uniformly after the overall completion
Heat exchanger 9 # production workshop	140,866,562.99	New assets, the certificate of title to be processed uniformly after the overall completion
Commercial refrigeration hydrogen station, 35KV substation, three waste treatment station, activity management room, administrative area security guard, logistics area security guard	18,473,783.39	New assets, the certificate of title to be processed uniformly after the overall completion

14. Construction in progress

Unit: RMB

Items	Closing balance	Opening balance
Construction in progress	2,746,629,632.47	2,036,326,757.72
Total	2,746,629,632.47	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	159,823,657.32		159,823,657.32	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 project	275,215,675.22		275,215,675.22	208,351,289.28		208,351,289.28
Annual production of 8 million sets of intelligent thermal management component project	230,046,921.69		230,046,921.69	186,106,762.72		186,106,762.72
Sanhua Minshi Automotive investment 21 million euros to establish a new automotive parts production line project	104,761,923.55		104,761,923.55	138,550,445.99		138,550,445.99
Industrial Plant Engineering in Mexico	212,595,522.92		212,595,522.92	128,804,884.71		128,804,884.71
The new energy vehicle thermal management parts production project in	502,038,616.60		502,038,616.60	113,445,275.23		113,445,275.23

Guangdong Sanhua						
Annual production of 1.5 million sets new energy thermal management component project	61,338,484.34		61,338,484.34	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	86,172,352.42		86,172,352.42	87,188,916.55		87,188,916.55
Dormitory of Automotive	107,369,474.19		107,369,474.19	77,248,786.37		77,248,786.37
150-3 # -6 # Rental dormitory buildings	119,634,066.95		119,634,066.95	73,709,950.00		73,709,950.00
Annual output of 14 million sets of new energy cooling component technology renovation project	76,422,286.63		76,422,286.63	66,609,673.61		66,609,673.61
Annual output of 11 million sets of components technical renovation projects	90,954,786.63		90,954,786.63	61,306,246.90		61,306,246.90
5 million sets of technical renovation projects and equipment	23,568,313.34		23,568,313.34	28,032,778.68		28,032,778.68
Vietnam Industrial Plant Engineering	66,584,064.04		66,584,064.04	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	27,831,644.68		27,831,644.68	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	9,255,697.81		9,255,697.81	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	11,685,886.29		11,685,886.29	14,882,282.34		14,882,282.34
Sanhua new energy vehicle battery water cooled plate production line construction project	12,697,090.98		12,697,090.98	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	49,621,126.68		49,621,126.68	11,493,210.78		11,493,210.78
Others	519,012,040.19		519,012,040.19	411,896,997.68		411,896,997.68
Total	2,746,629,632.47		2,746,629,632.47	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	Other amounts decreased in current period	Closing balance	Accumulated investment to budget (%)	Completion percentage (%)	Accumulated amount of capitalized interest	Including: capitalized interest in current period	Capitalization rate for interest in current period	Fund source

				period								
Annual production of 65 million sets of commercial refrigeration and air conditioning intelligent control components construction project	1,780,550,000.00	14,882,282.34	40,415,638.32	43,612,034.37		11,685,886.29	75.12%	75.12%				Raised funds
Annual output of 50.5 million sets of high efficiency and energy saving refrigeration and air conditioning control components project	785,570,000.00		46,423,909.30	46,423,909.30			31.40%	31.40%				Raised funds
Annual production of 1.5 million sets of new energy thermal management components project	650,500,000.00	87,649,308.50	5,852,065.35	32,162,889.51		61,338,484.34	133.25%	99.98%				Self-raised funds
Annual output of 11 million	940,000,000.00	87,188,916.55	126,348,917.92	127,365,482.05		86,172,352.42	80.86%	80.86%				Self-raised funds

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	66,864,385.94			275,215,675.22	20.05%	20.05%				Self-raised funds
The new energy vehicle thermal management parts production project in Guangdong Sanhua	2,050,000,000.00	113,445,275.23	388,605,051.99	11,710.62		502,038,616.60	24.49%	24.49%				Self-raised funds
Annual production of 8 million sets of intelligent thermal management components project	\$ 15,000,000.00	107,042,879.46	135,357,621.95	12,353,579.72		230,046,921.69	28.85%	28.85%				Self-raised funds
Total		618,559,951.36	809,867,590.77	261,929,605.57		1,166,497,936.56						

(3) Impairment testing of construction in progress

□ Applicable √ Not Applicable

15. Right of use assets**(1) Details of right of use assets**

Unit: RMB

Items	Houses and buildings	Vehicle	Total
□. Original Carrying amount			
1. Opening balance	515,115,808.59	9,520,959.07	524,636,767.66
2. Increased in current period	13,964,299.67	-51,329.76	13,912,969.91
(1) Rent	16,924,450.63	177,448.34	17,101,898.97
(2) Converted difference in Foreign Currency Statements	-2,960,150.96	-228,778.10	-3,188,929.06
3. Decreased in current period	11,321,136.66	2,187,277.61	13,508,414.27
(1) Disposal	11,321,136.66	2,187,277.61	13,508,414.27
4. Closing balance	517,758,971.60	7,282,351.70	525,041,323.30
□. Accumulated amortization			
1. Opening balance	208,527,758.51	2,854,263.62	211,382,022.13
2. Increased in current period	47,082,269.03	-38,240.91	47,044,028.12
(1) Accrual	47,331,258.02	33,144.32	47,364,402.34
(2) Converted difference in Foreign Currency Statements	-248,988.99	-71,385.23	-320,374.22
3. Decreased in current period	6,126,072.92	716,010.54	6,842,083.46
(1) Disposal	6,126,072.92	716,010.54	6,842,083.46
4. Closing balance	249,483,954.62	2,100,012.17	251,583,966.79
□. Provision for impairment			
1. Opening balance			
2. Increased in current period			
(1) Accrual			
3. Decreased in current period			
(1) Disposal			
4. Closing balance			
□. Carrying amount			
1. Closing balance	268,275,016.98	5,182,339.53	273,457,356.51
2. Opening balance	306,588,050.08	6,666,695.45	313,254,745.53

(2) Impairment testing of right of use assets

□ Applicable √ Not Applicable

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

Unit: RMB

Items	Land use right	Overseas land ownership	Application software	Intellectual property	Total
□. Original Carrying amount					
1. Opening balance	831,065,742.54	87,865,763.75	59,242,753.80	52,824,940.36	1,030,999,200.45
2. Increased in current period	105,661,450.35	82,588,023.92	8,064,368.17		196,313,842.44
(1) Acquisition	107,940,679.65	88,110,446.31	8,786,657.92		204,837,783.88
(2) Internal research and development					
(3) Increased in business merger					
(4) Converted difference in Foreign Currency Statements	-2,279,229.30	-5,522,422.39	-722,289.75		-8,523,941.44
3. Decreased in current period					
(1) Disposal					

4.Closing balance	936,727,192.89	170,453,787.67	67,307,121.97	52,824,940.36	1,227,313,042.89
□. Accumulated amortization					
1.Opening balance	120,494,299.61	739,235.92	35,248,356.61	30,651,015.49	187,132,907.63
2.Increased in current period	9,306,097.54	71,309.23	4,932,552.47	3,090,987.11	17,400,946.35
(1) Accrual	9,680,778.78	66,706.42	5,167,388.11	3,090,987.11	18,005,860.42
(2) Converted difference in Foreign Currency Statements	-374,681.24	4,602.81	-234,835.64		-604,914.07
3. Decreased in current period					
(1) Disposal					
4.Closing balance	129,800,397.15	810,545.15	40,180,909.08	33,742,002.60	204,533,853.98
□. Provision for impairment					
1.Opening balance					
2. Increased in current period					
(1) Accrual					

(2) Converted difference in Foreign Currency Statements					
3. Decreased in current period					
(1) Disposal					
4. Closing balance					
□. Carrying amount					
1. Closing balance	806,926,795.74	169,643,242.52	27,126,212.89	19,082,937.76	1,022,779,188.91
2. Opening balance	710,571,442.93	87,126,527.83	23,994,397.19	22,173,924.87	843,866,292.82

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%.

17. 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	1,752,443.05					1,752,443.05

Sanhua plate Exchange Technology Co., Ltd						
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 Non-Asset Group of Zhejiang Sanhua plate Exchange Technology Co., Ltd	806,602.57	201,650.64				1,008,253.21
Total	32,765,694.17	201,650.64				32,967,344.81

(3) Other remarks

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.

18. 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	31,555,734.67	11,365,116.11		111,280,380.40
Expenditures on tooling and molds	27,006,674.25	7,936,545.53	6,317,963.99		28,625,255.79
Total	118,096,436.09	39,492,280.20	17,683,080.10		139,905,636.19

19. 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	339,588,141.88	73,560,923.63	261,315,206.58	54,641,190.49
Provision for inventory write-down	25,678,481.74	5,596,181.53	42,325,391.26	8,139,006.84
Unrealized profit from internal transactions	369,869,111.14	24,940,973.45	433,833,345.36	34,546,191.69
Deductible losses	92,293,578.38	23,073,394.61	76,215,945.95	18,485,636.55
Deferred income-government grants	410,380,362.68	72,697,603.83	378,102,855.53	68,133,180.61
Provision for fixed assets impairments	20,929,833.20	3,149,723.22	20,614,046.13	3,102,355.15
Lease liabilities	68,592,824.33	13,108,534.26	85,136,567.36	16,775,016.78
Share-based payment expenses	149,253,576.02	22,853,190.06	115,180,902.79	17,742,289.08
Floating loss of derivative instruments	263,750.00	39,562.50	1,228,538.00	184,280.70
Total	1,476,849,659.37	239,020,087.09	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	7,087,522.28	1,063,128.34	9,008,004.60	1,351,200.69
Accelerated depreciation of equipment	2,160,986,121.81	340,381,985.50	2,047,041,074.93	324,214,511.19
Floating gain on derivatives	3,901,784.20	585,267.63	1,463,100.00	219,465.00
Accrued interest of certificate of deposit	181,261,422.78	29,226,390.92	191,331,258.62	30,267,866.29
Right-of-use assets	68,592,824.33	13,108,534.28	85,136,567.36	16,775,016.78
Total	2,421,829,675.40	384,365,306.67	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	136,496,569.94	102,523,517.15	65,316,990.66	156,432,157.23
Deferred tax liabilities	136,496,569.94	247,868,736.73	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	62,021,991.55	66,300,549.08
Provision for inventory write-down	104,742,189.26	71,954,359.29
Deductible losses of subsidiaries	307,426,461.72	280,085,140.01
Deferred income-government grants	704,347.35	1,037,186.95
Floating loss on derivatives	36,639,620.31	9,490,572.02
Investment losses recognized by the equity method	19,494,293.30	20,324,431.29
Total	531,028,903.49	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	
Year 2026		521,923.98	
Year 2027	18,085,193.22	23,055,008.78	
Year 2028	69,411,053.56	74,714,376.64	
Year 2029	79,612,442.10	16,716,170.44	
Year 2030	6,447,140.25	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	61,440,854.23	75,709,477.64	
Total	307,426,461.72	280,085,140.01	

20. Other non-current assets

Unit: RMB

Items	Closing balance	Opening balance
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	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Advanced payment for non-current assets purchasing	537,847,282.09		537,847,282.09	564,023,136.83		564,023,136.83
Employee housing loan	3,986,468.00		3,986,468.00			
Total	541,833,750.09		541,833,750.09	564,023,136.83		564,023,136.83

21. Assets with title or use right restrictions

Unit: RMB

Items	Closing				Opening			
	Book balance	Carrying amount	Type of restrictions	Reasons for restrictions	Book balance	Carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	50,256,461.32	50,256,461.32	Pledge	Guarantee deposit	76,476,700.95	76,476,700.95	Pledge	Guarantee deposit
Cash and bank balances					281,570,379.73	281,570,379.73	Pledge	Pledge financing
Notes receivable	1,866,025,559.72	1,862,419,818.56	Pledge	Pledge financing	2,214,363,880.38	2,208,446,869.75	Pledge	Pledge financing
Accounts receivable	62,493,748.40	59,369,060.98	Pledge	Digital and electronic debt vouchers that have been endorsed or discounted but are not due	66,621,446.85	63,290,374.51	Pledge	Digital and electronic debt vouchers that have been endorsed or discounted but are not due
Total	1,978,775,769.44	1,972,045,340.86			2,639,032,407.91	2,629,784,324.94		

22. Short-term borrowings

(1) Categories of short-term borrowings

Unit: RMB

Items	Closing balance	Opening balance
Credit borrowings	400,000,000.00	200,000,000.00

Overseas loan under domestic guarantee	987,273,900.00	1,002,451,361.04
Financial asset discount financing	9,700,000.00	5,748,871.44
Accrued interest	1,226,302.82	3,950,146.37
Total	1,398,200,202.82	1,212,150,378.85

23. 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

24. Derivative financial liabilities

Unit: RMB

Items	Closing balance	Opening balance
Exchange rate derivative	36,636,918.40	10,719,110.02
Futures derivative	266,451.91	
Total	36,903,370.31	10,719,110.02

25. Notes payable

Unit: RMB

Categories	Closing balance	Opening balance
Bank acceptance	3,520,145,951.34	3,416,711,594.64
Total	3,520,145,951.34	3,416,711,594.64

26. Accounts payable

(1) Details of accounts payable

Unit: RMB

Items	Closing balance	Opening balance
Within 1 year	4,882,360,110.46	4,405,227,329.99
1 to 2 years	114,033,135.57	27,522,682.35
2 to 3 years	27,678,372.62	10,155,105.49
Over 3 years	9,794,937.33	7,035,241.98
Total	5,033,866,555.98	4,449,940,359.81

27. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	578,350,601.82	250,642,662.86

Total	578,350,601.82	250,642,662.86
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(1) Other payables**1) Other payables listed by nature**

Unit: RMB

Items	Closing balance	Opening balance
Restricted shares repo obligations	410,702,774.29	118,010,274.29
Demolition of loans	33,604,994.80	
Compensation for product quality loss	7,138,336.72	19,370,760.58
Guarantee deposit	52,167,839.25	41,716,593.20
Rent and property fee	7,962,781.21	2,401,192.28
Collection of talent awards	2,529,968.59	4,114,516.00
Others	64,243,906.96	65,029,326.51
Total	578,350,601.82	250,642,662.86

28. Contract liabilities

Unit: RMB

Items	Closing balance	Opening balance
Customer contract advance payment	62,714,790.24	51,788,802.03
Total	62,714,790.24	51,788,802.03

29. Employee benefits payable**(1) Details of employee benefits payable**

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
□. Short-term employee benefits	581,554,274.99	1,875,917,342.94	1,974,595,148.52	482,876,469.41
□. Post-employment benefits - defined contribution plan	12,017,618.66	66,644,195.72	71,378,470.28	7,283,344.10
□. Termination benefits	5,229,352.69		1,304,946.95	3,924,405.74
Total	598,801,246.34	1,942,561,538.66	2,047,278,565.75	494,084,219.25

(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	1,416,192,432.70	1,538,847,892.16	406,104,533.42
2. Employee welfare fund	805,549.18	68,972,957.07	69,197,652.44	580,853.81
3. Social insurance	18,721,770.38	60,674,873.01	56,385,318.42	23,011,324.97

premium				
Including: Medicare premium	5,616,918.92	35,782,799.71	36,612,331.42	4,787,387.21
Occupational injuries premium	747,127.97	2,461,898.71	2,911,553.77	297,472.91
Maternity premium	121,875.86	112,835.63	80,881.69	153,829.80
Overseas social security contributions	12,235,847.63	22,317,338.96	16,780,551.54	17,772,635.05
4. Housing provident fund	19,286.00	37,579,813.27	37,569,495.27	29,604.00
5. Dispatching remuneration	23,811,068.55	281,568,793.93	263,383,478.90	41,996,383.58
6. Stock appreciation option	7,879,890.00	760,620.00		8,640,510.00
7. Others	1,556,718.00	10,167,852.96	9,211,311.33	2,513,259.63
Total	581,554,274.99	1,875,917,342.94	1,974,595,148.52	482,876,469.41

(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	64,425,459.91	68,994,165.93	7,035,020.99
2. Unemployment insurance premium	413,891.65	2,218,735.81	2,384,304.35	248,323.11
Total	12,017,618.66	66,644,195.72	71,378,470.28	7,283,344.10

30. Taxes and rates payable

Unit: RMB

Items	Closing balance	Opening balance
Enterprise income tax	163,522,335.15	186,575,216.87
VAT	53,318,488.42	30,168,036.77
Housing property tax	14,269,671.01	23,482,515.63
Land use tax	7,466,399.06	12,974,469.60
Urban maintenance and construction tax	4,868,921.43	5,330,039.26
Education surcharge	2,463,553.88	2,459,912.39
Local education surcharge	1,643,109.17	1,639,941.61
Overseas tax	8,544,900.23	99,516,370.91
Individual income tax	9,625,590.52	12,843,108.53
Others	6,550,789.65	7,407,179.62
Total	272,273,758.52	382,396,791.19

31. Non-current liabilities due within one year

Unit: RMB

Items	Closing balance	Opening balance
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Guaranteed borrowings	230,000,000.00	1,370,000,000.00
Accrued interest	1,904,138.91	1,195,277.78
Lease liabilities	60,665,100.54	68,897,976.15
Total	292,569,239.45	1,440,093,253.93

32. Other current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Output tax to be written off	2,837,216.89	2,099,986.27
Total	2,837,216.89	2,099,986.27

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

Unit: RMB

Items	Closing balance	Opening balance
Guaranteed borrowings	2,220,000,000.00	1,030,000,000.00
Accrued interest		801,111.13
Total	2,220,000,000.00	1,030,801,111.13

34. Leased liabilities

Unit: RMB

Items	Closing balance	Opening balance
Lease payables	259,007,745.00	290,193,458.01
Less: Leased liabilities due within 1 year	-60,665,100.54	-68,897,976.15
Total	198,342,644.46	221,295,481.86

35. Long-term payables

Unit: RMB

Items	Closing balance	Opening balance
Long-term payables	17,497,031.70	11,290,788.32
Total	17,497,031.70	11,290,788.32

(1) Long-term payables listed by nature

Unit: RMB

Items	Closing balance	Opening balance
Stock appreciation rights deposit	9,657,551.70	3,499,818.32
Retention money	7,839,480.00	7,790,970.00
Total	17,497,031.70	11,290,788.32

36. 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	37,014,460.55	39,840,362.77
Total	37,014,460.55	39,840,362.77

37. 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	66,427,000.00	34,482,332.45	411,084,710.03	Related to assets
Total	379,140,042.48	66,427,000.00	34,482,332.45	411,084,710.03	--

38. 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

39. 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						3,732,615,535.00

40. 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		291,333,303.19	3,004,670,945.67
Other capital reserve	159,639,317.12	34,072,715.35		193,712,032.47
Total	3,455,643,565.98	34,072,715.35	291,333,303.19	3,198,382,978.14

41. 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	3,057,250.00	407,645,100.00
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	580,720,150.00	435,418,676.78

42. 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	- 170,919,517.87				- 170,919,517.87		- 56,162,453.59
Converted difference in Foreign	114,757,064.28	- 170,919,517.87				- 170,919,517.87		- 56,162,453.59
Other comprehensive income in total	114,757,064.28	- 170,919,517.87				- 170,919,517.87		- 56,162,453.59

43. Surplus reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Statutory surplus reserve	985,419,187.09			985,419,187.09
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			1,011,914,243.67

44. Undistributed profit

Unit: RMB

Items	Current period	Previous period
Balance before adjustment at the end of the	10,002,942,167.43	8,133,336,242.88

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	1,514,515,444.75	1,394,760,848.85
Payable dividends on ordinary shares	926,626,153.50	716,972,510.40
Closing balance	10,590,831,458.68	8,811,124,581.33

45. Operating revenue and Operating cost

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	13,339,516,056.72	9,600,581,039.21	12,098,477,558.91	8,896,073,559.94
Other operations	336,556,104.36	319,809,279.72	430,443,066.68	412,587,356.33
Total	13,676,072,161.08	9,920,390,318.93	12,528,920,625.59	9,308,660,916.27

46. Taxes and surcharges

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	23,537,077.44	19,076,010.08
Education surcharge	11,398,760.51	9,549,962.48
Housing property tax	16,482,455.15	13,259,614.90
Land use tax	7,044,828.51	-2,555,201.21
Stamp duty	12,321,752.89	9,273,589.74
Local education surcharge	7,620,732.33	6,366,641.58
Local foundation for water works	705,258.48	615,607.60
Others	5,122,564.97	3,791,190.15
Total	84,233,430.28	59,377,415.32

47. Administrative expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	563,739,428.50	375,657,341.88
Share-based payment remuneration	28,245,298.77	33,770,669.95
Depreciation and amortization expense	84,573,992.63	69,142,975.31
Office expense	113,589,529.35	76,921,701.21
Intermediary organ expense	41,778,051.43	28,816,004.69
Entertainment expense	12,456,327.05	10,229,586.21
Vehicle expense	12,573,736.97	6,229,475.81
Sporadic renovation expense in the park	9,329,354.50	4,904,430.90
Others	21,713,584.30	14,184,388.69
Total	887,999,303.50	619,856,574.65

48. Selling expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	174,823,710.59	144,826,488.29

Entertainment expense	26,263,620.05	23,340,048.05
Warehousing, freight and miscellaneous charges	53,153,942.63	45,966,149.44
Travel expense	19,582,339.16	15,714,428.65
Advertising expense	7,867,850.80	8,873,624.72
Others	15,311,002.51	25,410,991.12
Total	297,002,465.74	264,131,730.27

49. R&D expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost	387,224,362.76	336,153,051.01
Direct input expense	181,888,526.25	176,171,267.76
Depreciation and amortization expense	25,381,756.53	20,543,216.56
Mold manufacturing expense	12,203,836.61	29,986,237.50
Royalties	6,041,782.02	4,486,936.80
Outsourcing R&D expense	1,130,148.71	784,296.40
Others	18,741,495.08	12,144,626.01
Total	632,611,907.96	580,269,632.04

50. Financial expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Interest expense	71,736,060.65	126,688,323.68
Including: Interest on bond payable		67,598,047.15
Interest on lease liabilities	3,186,027.96	795,945.00
Interest income	-84,853,231.77	-87,661,462.57
Exchange gains or losses	-42,024,236.94	-194,192,937.27
Others	3,359,698.51	3,505,706.15
Total	-51,781,709.55	-151,660,370.01

51. Other income

Unit: RMB

Source of the other income	Current period cumulative	Preceding period comparative
Government subsidies related to assets	34,482,332.45	15,329,655.57
Government subsidies related to revenue	63,514,083.32	45,391,151.86
VAT extra deductions	28,494,105.96	
Handling fees for withholding individual income tax	2,061,490.41	2,096,068.10
Total	128,552,012.14	62,816,875.53

52. Gains or losses on changes in fair value

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Floating income of bank financing products		388,505.61
Floating income of futures contracts	1,735,630.85	-4,993,318.34
Floating income of foreign exchange contract	-44,954,858.33	-83,834,712.30
Floating income on option contracts	141,659.20	-375,000.00
Total	-43,077,568.28	-88,814,525.03

53. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	5,419,862.01	5,296,750.30
Gains and losses on bank financial products	1,168,153.45	86,531.50
Gains and losses on exchange rate derivatives	-31,194,534.61	-53,498,269.42
Gains and losses on futures derivatives	11,406,235.86	9,338,561.14
Income from derecognition of financial assets		-8,174,613.92
Others	1,520,214.66	808,967.09
Total	-11,680,068.63	-46,142,073.31

54. Credit impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Provision for bad debt	-76,800,982.89	-72,153,972.68
Total	-76,800,982.89	-72,153,972.68

55. Assets impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Inventory write-down loss and contract performance cost impairment loss	-44,232,452.69	-24,318,451.98
II. Goodwill impairment loss	-201,650.64	-604,951.92
Total	-44,434,103.33	-24,923,403.90

56. Gains on asset disposal

Unit: RMB

Items	Current period cumulative	Preceding period comparative
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Gains on disposal of assets	-245,261.28	-406,527.50
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57. Non-operating revenue

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount recorded into the current non-recurring profit and loss
Exempted payment	996,334.93	2,349,197.54	996,334.93
Compensation and penalty income	721,658.19	1,610,099.34	721,658.19
Gains from retirement of fixed assets	894,349.32	152,173.06	894,349.32
Others	1,946,688.19	452,881.99	1,946,688.19
Total	4,559,030.63	4,564,351.93	4,559,030.63

58. 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	6,795,429.61	2,809,729.96	6,795,429.61
Litigation for damages	1,173,340.79	1,767,511.58	1,173,340.79
Donation expenditure	103,060.00	106,988.95	103,060.00
Others	455,874.02	576,508.42	455,874.02
Total	8,527,704.42	5,260,738.91	8,527,704.42

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

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	334,407,725.47	231,976,676.94
Deferred income tax expenses	-2,111,579.48	31,493,520.51
Total	332,296,145.99	263,470,197.45

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Items	Current period cumulative
Income before tax	1,853,961,798.16
Income tax expense calculated at the applicable tax rate	347,144,631.93
Adjustment of preliminary income tax expense settlement and payment	21,374,962.41
Plus deduction of R&D expenses	-72,486,768.71
Others	36,263,320.36
Income tax expenses	332,296,145.99

60. Other comprehensive income

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

61. 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	86,791,211.40	41,527,261.26
Interest income	102,038,912.05	54,965,021.52
Rental income	5,453,306.75	5,521,293.13
Guarantee deposit	19,792,809.15	7,811,313.61
Net change of restricted funds	19,574,857.22	
Others	4,520,771.35	5,270,609.75
Total	238,171,867.92	115,095,499.27

Other cash payments related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Guarantee deposit	10,451,246.05	15,255,451.57
Net change of restricted funds		2,046,000.00
Period expense payments	476,515,154.85	368,383,438.30
Total	486,966,400.90	385,684,889.87

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

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Redemption of certificates of deposit and financial products	569,000,000.00	440,000,000.00
Net change of restricted funds	19,157,342.43	14,311,380.20
Income from futures contract derivatives settlement	10,804,591.38	
Income from national debt reverse repurchase	496,290.86	
Total	599,458,224.67	454,311,380.20

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
Subscription of certificates of deposit	300,000,000.00	20,000,000.00
Net change of restricted funds	5,512,961.02	1,700,028.28
Loss on exchange rate derivatives instrument settlement	30,592,890.13	53,498,269.42
Payment of subsidiaries' performance commitments to minority shareholders	3,500,000.00	
Purchase of financial products	100,000,000.00	
Total	439,605,851.15	75,198,297.70

(3) Cash related to financing activities

Other cash receipts related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Net change of restricted funds	13,000,000.00	27,789,205.90
Loans from other banks		11,837,146.85
Accounts receivable factoring	16,918,063.05	
Total	29,918,063.05	39,626,352.75

Other cash payments related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Repo shares expenses (including restricted stock)	299,977,735.21	
Rental expenses	51,687,909.71	45,508,985.35
Net change of restricted funds	7,000,000.00	22,989,492.00
Interest of loans from other banks	3,898,060.02	
Total	362,563,704.94	68,498,477.35

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	200,000,000.00		13,747,755.93	202,420.10	1,398,200,202.82
Long-term borrowings (including long-term borrowings due within one year)	2,401,996,388.91	1,140,000,000.00	49,907,750.00	1,140,000,000.00		2,451,904,138.91
Lease liabilities (lease liabilities due within one year)	290,193,458.01		20,673,084.36	51,687,909.71	170,887.66	259,007,745.00
Dividends payable			926,626,153.00	926,626,153.00		
Total	3,904,340,225.77	1,340,000,000.00	997,206,987.36	2,132,061,818.64	373,307.76	4,109,112,086.73

62. 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	1,521,665,652.17	1,414,494,515.73
Add: Provision for assets impairment loss	121,235,086.22	97,077,376.58
Depreciation of fixed assets, oil and gas assets, productive biological assets	345,804,856.82	312,096,036.62
Amortization of right-of-use assets	47,364,402.34	45,452,675.72
Amortization of intangible assets	18,005,860.42	11,005,377.33
Amortization of Long-term prepayments	17,683,080.10	11,273,974.46
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	245,261.28	406,527.50
Loss on retirement of fixed assets (Less: gains)	5,901,080.29	2,657,556.90
Losses on changes in fair value (Less: gains)	43,077,568.28	88,814,525.03

Financial expenses (Less: gains)	-10,579,748.21	94,787,827.63
Investment losses (Less: gains)	13,200,283.29	38,728,801.02
Decrease of deferred tax assets (Less: increase)	53,908,640.08	144,696,035.59
Increase of deferred tax liabilities (Less: decrease)	-59,642,332.57	-114,420,506.63
Decrease of inventories (Less: increase)	46,793,721.65	305,426,294.80
Decrease of operating receivables (Less: increase)	-1,646,868,032.49	-1,460,686,740.42
Increase of operating payables (Less: decrease)	609,592,921.15	672,088,278.73
Others	34,241,575.35	54,775,037.02
Net cash flows from operating activities	1,161,629,876.17	1,718,673,593.61
2. Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents:		
Cash at the end of the period	2,575,560,166.98	2,050,600,180.32
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	-1,049,395,331.86	271,578.55

(2) Composition of cash and cash equivalents

Unit: RMB

Items	Closing balance	Opening balance
I. Cash	2,575,560,166.98	3,624,955,498.84
Including: Cash on hand	611,537.90	291,216.13
Cash in bank that can be readily drawn on demand	2,574,871,533.06	3,624,655,126.84
Other monetary funds that can be readily for payment	77,096.02	9,155.87
III. Cash and cash equivalents at end of year	2,575,560,166.98	3,624,955,498.84

63. Assets with restricted ownership or usage

Unit: RMB

Items	Book Balance	Carrying amount	Reasons for restriction
Cash and bank balances	50,256,461.32	50,256,461.32	Margin Deposit
Notes receivable	1,866,025,559.72	1,862,419,818.56	Pledge financing
Accounts receivable	62,493,748.40	59,369,060.98	Electronic debt instruments that have been transferred for payment or factored for financing but not yet matured
Total	1,978,775,769.44	1,972,045,340.86	

64. 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	153,701,911.69	7.1268	1,095,402,784.21
EUR	17,117,419.72	7.6617	131,148,534.65
Other currencies			159,052,672.82
Subtotal			1,385,603,991.68
Accounts receivable			
Including: USD	302,133,839.07	7.1268	2,153,247,444.28
EUR	62,781,538.94	7.6617	481,013,316.87
Other currencies			139,979,881.67
Subtotal			2,774,240,642.82
Other receivables			
Including: USD	536,034.19	7.1268	3,820,208.47
EUR	190,570.11	7.6617	1,460,091.03
Other currencies			20,848,051.54
Subtotal			26,128,351.04
Short-term borrowings			
Including: USD	45,000,000.00	7.1268	320,706,000.00
EUR	87,000,000.00	7.6617	666,567,900.00
Subtotal			987,273,900.00
Derivative financial liabilities			
Including: USD	4,605,710.49	7.1268	32,823,977.52
Accounts payable			
Including: USD	35,988,707.73	7.1268	256,484,322.25
EUR	2,240,643.81	7.6617	17,167,140.70
Other currencies			172,265,323.10
Subtotal			445,916,786.05
Other payables			
Including: USD	6,036,575.43	7.1268	43,021,465.77
EUR	833,491.45	7.6617	6,385,961.44

Other currencies			117,334,302.61
Subtotal			166,741,729.82
Non-current liabilities due within one year			
Including: USD	1,462,860.25	7.1268	10,425,512.43
EUR	1,293,471.37	7.6617	9,910,189.60
Other currencies			6,256,029.94
Subtotal			26,591,731.97
Long-term payables			
Including: USD	1,884,809.65	7.1268	13,432,661.41
EUR	473,611.75	7.6617	3,628,671.14
Other currencies			459,582.03
Subtotal			17,520,914.58
Lease liabilities			
Including: USD	5,334,628.91	7.1268	38,018,833.32
EUR	7,526,042.93	7.6617	57,662,283.12
Other currencies			19,025,911.58
Subtotal			114,707,028.02

(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.

65. Government grants

(1) Government grants increased in the current period

Unit: RMB

Items	Amount
Government grants related to assets	66,427,000.00
Including: Included into deferred income	66,427,000.00
Government grants related to income	63,514,083.32
Including: Included into other income	63,514,083.32
Total	129,941,083.32

(2) Liabilities related to government grants

Unit:RMB

Items	Opening balance	Increase	Carryover	Closing balance	Remarks
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Deferred income	379,140,042.48	66,427,000.00	34,482,332.45	411,084,710.03	Related to assets
Total	379,140,042.48	66,427,000.00	34,482,332.45	411,084,710.03	

(3) Government grants included into profit or loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Other income	97,996,415.77	60,720,807.43
Total	97,996,415.77	60,720,807.43

VIII. Interest in other entities

1. Composition of enterprise group

(1) The company includes subsidiaries such as Zhejiang Sanhua Automotive Parts Co., Ltd. in the scope of consolidated financial statements.

(2) Basic information of important subsidiaries

Subsidiary name	Registered capital	Main operating place and place of registration	Business nature	Holding proportion		Acquisition method
				Direct	Indirect	
Zhejiang Sanhua Automotive Components Co., Ltd.	216,000	Zhejiang	Automotive components	100.00%		Business combination under common control
Sanhua (hangzhou) Micro Channel Heat Exchanger Co., Ltd	36,000	Zhejiang	Refrigeration components	100.00%		Business combination under common control
Zhejiang Sanhua Trading Co., Ltd	5,000	Zhejiang	Refrigeration components	100.00%		Investment and establishment
Zhejiang Sanhua Commercial Refrigeration Co. Ltd	165,529	Zhejiang	Refrigeration components	100.00%		Investment and establishment
Sanhua International Inc.	37.55 million USD	USA	Business	100.00%		Investment and establishment
Wuhu	30,000	Anhui	Refrigeration	100.00%		Investment

Sanhua Automatic Control Components Co., Ltd			components			and establishment
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2. Changes in the scope of consolidation due to other reasons

(1) Increase in consolidation scope

Subsidiy name	Equity acquisition method	Date of equity acquisition
Zhejiang Sanhua Intelligent Drive Co., Ltd.	New investments	2024-06-04
Zhejiang Shengtai Paper Industry Co., Ltd.	New investments	2024-06-20
SANHUATROY PROPERTY MANAGEMENT,LLC	New investments	2024-06-28

(2) Reduction in consolidation scope

Subsidiy name	Equity acquisition method	Date of equity acquisition
American Tubing International Leverage Lender LLC	Liquidation and cancellation	2024-01-24

3. significant wholly-owned subsidiaries

As of June 30, 2024, the company has no significant wholly-owned subsidiaries.

4. Equity in joint ventures or associates

(1) Significant joint ventures and associates

As of June 30, 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	37,094,293.30	37,924,431.29
Total of the following items calculated by shareholding ratio	5,419,862.01	5,296,750.30
-Net profit	5,419,862.01	5,296,750.30

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
-Total comprehensive income	5,419,862.01	5,296,750.30

IX. 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.

(1) 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.

(2) 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	1,398,200,202.82	1,411,422,627.05	1,411,422,627.05		
Notes payable	3,520,145,951.34	3,520,145,951.34	3,520,145,951.34		
Accounts payable	5,033,866,555.98	5,033,866,555.98	5,033,866,555.98		
Other payable	578,350,601.82	578,350,601.82	578,350,601.82		
Non-current liabilities due within one year	292,569,239.45	292,773,045.01	292,773,045.01		

Long-term borrowings	2,220,000,000.00	2,344,147,972.23		2,344,147,972.23	
Lease liabilities	198,342,644.46	204,152,640.64	1,359,426.01	189,922,357.24	12,870,857.39
Subtotal	13,241,475,195.87	13,384,859,394.07	10,837,918,207.21	2,534,070,329.47	12,870,857.39

(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

(3) 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 situation of the company's foreign currency monetary assets and liabilities at the end of the period can be found in section 10 (7) of the notes to the consolidated financial statements for foreign currency monetary items in section 64.

X. 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	--	--	--	--
(□). Held-for-trading financial assets	3,760,125.00	107,171,639.44		110,931,764.44
1. financial assets at fair value through profit or loss.	3,760,125.00	107,171,639.44		110,931,764.44
(1) Debt instrument investment		100,000,000.00		100,000,000.00
(3) Derivative financial assets	3,760,125.00	7,171,639.44		10,931,764.44
Total amount of assets constantly measured at their fair values	3,760,125.00	107,171,639.44		110,931,764.44
(□). Held-for-trading liabilities	266,451.91	36,636,918.40		36,903,370.31
Derivative financial liabilities	266,451.91	36,636,918.40		36,903,370.31
Total amount of liabilities constantly measured at their fair values	266,451.91	36,636,918.40		36,903,370.31
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.

XI. Related party relationships and transactions

1. Parent Company

Parent Company	Place of registration	Business nature	Registered capital	Holding proportion over	Voting right proportion over
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				the Company	the Company
Sanhua Holding Group Co., Ltd	Zhejiang Province	Industrial Investment	730 million yuan	25.41%	45.31%

Remarks on the parent Company:

As of June 30, 2024, Sanhua Holding Group Co., Ltd. (Hereinafter referred to as SHG) directly holds 25.41% of the Company's shares, and indirectly holds 19.90% of the shares through its subsidiaries, for a total of 45.31% 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 interest in other entities of notes to financial statements.

3. Joint ventures and associates of the Company

Please refer to notes to financial statements for details on the Company's significant joint ventures and associates. 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
Qingdao Sanhua Jinlifeng Machinery Co., Ltd	Joint ventures
Zhongshan Xuanyi Pipe Making 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.	Under the control of the same parent company
Hangzhou Sanhua Research Institute Co., Ltd.	Under the control of the same parent company
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 Sanhua Zhicheng Real Estate Development 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
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

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	Goods		105,900,000.00	No	6,273.30
SHG	Services			No	4,182.20
ZSGE	Goods	588,693.58		No	
ZSGE	Services	1,428,005.27		No	1,143,487.12
HSRI	Goods	7,964,699.48		No	
HSRI	Services	62,283.39		No	22,686.23
NJPM	Goods	576,873.12		No	
ZHT	Services	131,533.96		No	
XCSP	Services	546,925.25		No	
TSIP	Services	392,000.00		No	
SSE	Services	459,910.58		No	374,957.03
ZXPM	Goods	6,923,209.33	20,000,000.00	No	10,034,439.41
QSJM	Goods	2,209,810.55	4,500,000.00	No	3,405,710.00
WAT	Goods	42,477.87	400,000.00	No	25,823.00

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	1,344.00
SHG	Services		842,009.44
HFMT	Services	74,377.36	74,377.36
ZHT	Services		509,001.99
QSJM	Goods	44,612.66	168,571.15
ZSGE	Goods	521.59	
HSRI	Goods	39,278.74	910,665.24
WAT	Services	104,912.24	39,875.00
SST	Goods	18,795.00	

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, purchase rent, equipment lease, property management, water and electricity power, and service fee limit of 105.90 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		2,654,669.72
SHG	Dormitory	16,640.05	
HFMT	Plant	150,171.42	150,171.42
WAT	Plant	477,335.76	624,733.92

The Company as the lessee:

Unit: RMB

Lessor	Types of asset leased	Confirmed rental expenses	
		Current period	Preceding period
HSRI	Office building		528,514.29
HSRI	Plant	181,542.86	
HSRI	Dormitory	194,867.11	
ZSGE	Dormitory	555,761.15	317,647.48
ZSGE	Plant	1,418,503.31	1,531,999.30
TSIP	Plant	1,078,658.10	

(3) Related party guarantees

Unit: RMB

Guaranteed parties	Amount guaranteed	Starting date of guarantee	Expiry date of guarantee	Guarantee has been fulfilled or No
SHG	2,400,000,000.00	2022.07.14	2027.01.29	NO

(4) Key management's emoluments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	11,285,801.70	9,480,670.20

(5) Other related party transactions

Unit: RMB

Abbreviation of associate	Content of transaction	Current period cumulative	Preceding period comparative
ZSGE	Water and electricity payment	2,413,482.60	4,557,949.51
TSIP	Water and electricity payment	1,399,386.22	

SHG	Water and electricity collection	404,205.16	365,648.52
HFMT	Water and electricity collection	161,275.44	308,968.43
HSRI	Water and electricity collection	747,927.13	765,838.12
WAT	Water and electricity collection	143,600.18	268,572.72
ZSGE	Water and electricity collection	463,348.32	359,981.97
ZHT	Water and electricity collection	14,619,762.17	11,096,279.60
ZHT	Steam payment	23,966,734.96	18,426,129.97

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	21,329.62	1,066.48	2,542.50	127.13
Accounts receivable	QSJM	60,412.31	3,020.62	10,000.00	500.00
Accounts receivable	SST	21,238.35	1,061.92	48,205.80	2,410.29
Accounts receivable	HFMT	418,761.25	20,938.06		
Accounts receivable	ZSGE	66,643.29	3,332.16		
Accounts receivable	SHG	65,434.25	4,305.77		
Accounts receivable	WAT	284,366.44	14,218.33		
Other receivables	SHG	20,681.18	1,034.06		
Other receivables	ZHT	670,000.00	67,000.00	670,000.00	67,000.00
Advances paid	ZXPM			67,660.61	

(2) Payables

Unit: RMB

Items	Related parties	Closing balance	Opening Balance
Accounts payable	HSRI	357,150.00	357,150.00
Accounts payable	NJPM	355,624.66	300,646.95
Accounts payable	QSJM	238,415.31	
Accounts payable	ZSGE	51,172.28	
Accounts payable	ZXPM	8,867,210.13	
Other payables	HFMT	100,000.00	100,000.00
Other payables	ZSGE	4,324,140.18	387,216.00
Other payables	TSIP	332,455.82	706,263.58
Other payables	SSE	25,640.00	

XII. Share-based payment

1. Overall information

√ Applicable Not applicable

Unit: 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	10,490,000	99,384,600.00						
R&D personnel	10,185,000	95,739,000.00						
Sales personnel	2,400,000	22,560,000.00						
Production personnel	1,835,000	17,249,000.00						
Total	24,910,000	234,932,600.00						

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			The adjusted restricted stock grant price is 9.40 yuan for the 2022 grant, the adjusted restricted stock grant price is 11.75 yuan for the 2024 grant	From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.
R&D personnel			The adjusted restricted stock grant price is 9.40 yuan for the 2022 grant, the adjusted restricted stock grant price is 11.75 yuan for the 2024 grant	From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.
Sales personnel			The adjusted restricted stock grant price is 9.40 yuan for the 2022 grant, the adjusted restricted stock grant price is 11.75 yuan for the 2024 grant	From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.
Production personnel			The adjusted restricted stock grant price is 9.40 yuan for the 2022 grant, the adjusted restricted stock grant price is 11.75 yuan for the 2024 grant	From the date of grant, unlock in batches within 12 months after 12 months, 24 months, and 36 months.

Other Remarks:

(1) Incentive plan for Restricted stock and Stock Appreciation Rights implemented in 2022

In May 2022, the Company implemented a restricted stock and stock appreciation rights 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. 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 9.40.

(2) Incentive plan for Restricted stock and Stock Appreciation Rights implemented in 2024

In May 2024, the Company implemented a restricted stock and stock appreciation rights 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 and June 3 in 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 and stock appreciation rights incentive plan for core employees. Among them, the number of restricted stocks granted was 0.3400 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. 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 11.75.

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 share-based payment	109,479,022.14

Note: In 2022, the Company initially granted 17.5850 million 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	21,389,488.21

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

Applicable Not applicable

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	8,640,510.00

4. Total share-based payments recognized in the current period

Applicable Not applicable

Objects	Equity-settled share-based payment	Cash-settled share-based payment
Management personnel	34,072,715.35	760,620.00
Total	34,072,715.35	760,620.00

XIII. 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	1166.6493 million yuan
Annual output of 50.5 million	698 million yuan	322.7998 million yuan

sets of high efficiency and energy saving refrigeration and air conditioning control components project		
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XIV. Events after the balance sheet date

1. Dividend distribution

According to the semi-annual profit distribution plan of 2024 approved by the board of directors of the Company on August 28, 2024, cash dividends of 1.0 yuan (including tax) for every 10 shares will be distributed to all shareholders based on 3,731,414,614 shares on August 20, 2024, no bonus shares will be given, and no capital reserve will be converted into share capital. A total of 373,141,461.40 yuan was distributed.

XV. 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	Jan-Jun, 2024			
	Operating revenue	Operating cost	Total assets	Total liabilities
Refrigeration and air-conditioning electrical parts business	827,870.03	599,725.19	2,063,551.47	931,914.06
Auto parts business	539,737.19	392,313.84	1,246,527.58	552,276.70
Total	1,367,607.22	992,039.03	3,310,079.05	1,484,190.76

Items	Jan-Jun, 2023			
	Operating revenue	Operating cost	Total assets	Total liabilities
Refrigeration and air-conditioning electrical parts business	770,602.11	572,478.82	1,921,013.83	1,067,515.32
Auto parts business	482,289.95	358,387.27	994,883.70	440,556.08
Total	1,252,892.06	930,866.09	2,915,897.53	1,508,071.40

XVI. 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
Within 1 year	1,541,924,544.21	712,624,340.09
1 to 2 year	565,333.11	5,846,510.80
2 to 3 year	5,726,250.95	
Total	1,548,216,128.27	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	1,370,050,072.87	88.49%	5,726,250.95	0.42%	1,364,323,821.92	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	178,166,055.40	11.51%	8,936,569.42	5.02%	169,229,485.98	186,527,468.93	25.96%	9,334,158.12	5.00%	177,193,310.81
Including:										
Total	1,548,216,128.27	100.00%	14,662,820.37	0.95%	1,533,553,307.90	718,470,850.89	100.00%	15,024,975.48	2.09%	703,445,875.41

Provision made on an individual basis:

Unit: RMB

Name	Opening balance	Closing balance
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	Book balance	Provision for bad debt	Book balance	Provision for bad debt	Accrued proportion	Accrued reason
Dayou Vinya (Thailand) Co., Ltd	5,690,817.36	5,690,817.36	5,726,250.95	5,726,250.95	100.00%	
Several subsidiaries	526,252,564.60		1,364,323,821.92			
Total	531,943,381.96	5,690,817.36	1,370,050,072.87	5,726,250.95		

Provision made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	177,600,722.29	8,880,036.11	5.00%
1 to 2 year	565,333.11	56,533.31	10.00%
Total	178,166,055.40	8,936,569.42	

If the provision for bad debt of accounts receivable is accrued 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

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	35,433.59				5,726,250.95
Receivables with provision made on a collective basis	9,334,158.12		397,588.70			8,936,569.42
Total	15,024,975.48	35,433.59	397,588.70			14,662,820.37

(4) Top 5 of accounts receivable

Closing balance of top 5 debtors totaled 1398.7028 million yuan, accounting for 90.34% of the total closing balance of accounts receivable, and provision for bad debts made thereon totaled 5.1914 million yuan.

2. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Dividend receivable		550,000,000.00
Other receivables	467,355,212.61	1,719,591,236.02
Total	467,355,212.61	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
Total		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	457,936,308.41	1,708,500,801.49
Tax refund receivable	3,737,098.02	6,387,103.55
Others	6,250,553.53	5,207,052.58
Total	467,923,959.96	1,720,094,957.62

2) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	466,567,302.54	1,718,634,775.79
1 to 2 years	814,723.42	793,523.42
2 to 3 years	141,934.00	481,517.41
Over 3 years	400,000.00	185,141.00
Total	467,923,959.96	1,720,094,957.62

3) Disclosure of other receivables by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book value		Provision for bad debt		Net book value	Book value		Provision for bad debt		Net book value
	Amount	Proportion	Amount	Accrued proportion		Amount	Proportion	Amount	Accrued proportion	
Receivables with provision made on an individual basis	461,673,406.43	98.66%			461,673,406.43	1,714,887,905.04	99.70%			1,714,887,905.04

Including:										
Receivables with provision made on a collective basis	6,250,553.53	1.34%	568,747.35	9.10%	5,681,806.18	5,207,052.58	0.30%	503,721.60	9.67%	4,703,330.98
Including:										
Total	467,923,959.96	100.00%	568,747.35	0.12%	467,355,212.61	1,720,094,957.62	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		3,737,098.02			
Several subsidiaries	1,708,500,801.49		457,936,308.41			
Total	1,714,887,905.04		461,673,406.43			

Provision made on a collective basis:

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	4,893,896.11	244,694.81	5.00%
1 to 2 year	814,723.42	81,472.34	10.00%
2 to 3 year	141,934.00	42,580.20	30.00%
Over 3 years	400,000.00	200,000.00	50.00%
Total	6,250,553.53	568,747.35	

The remarks of determination of a collective basis:

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 1, 2024	187,343.54	79,352.34	237,025.72	503,721.60
Balance in current period on January 1, 2024				
Provision made in current period	57,351.27	2,120.00	5,554.48	65,025.75
Balance on June 30, 2024	244,694.81	81,472.34	242,580.20	568,747.35

Classification basis and bad debt provision ratio for each stage

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 to subsidiaries	100,180,000.00	Within 1 year(including 1 year)	21.41%	
Sanhua New Energy Thermal Management Technology (Hangzhou) Co., Ltd	Financial aid to subsidiaries	77,000,000.00	Within 1 year(including 1 year)	16.46%	
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	Financial aid to subsidiaries	60,075,600.00	Within 1 year(including 1 year)	12.84%	
Sanhua. (Jiangxi) Automatic Control Components Co., Ltd.	Financial aid to subsidiaries	45,220,200.00	Within 1 year(including 1 year)	9.66%	
Wuhu Sanhua Refrigeration Fittings Co., Ltd.	Financial aid to subsidiaries	38,934,809.11	Within 1 year(including 1 year)	8.32%	
Total	--	321,410,609.11	--	68.69%	

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	9,135,857,304.40		9,135,857,304.40	8,846,816,951.56		8,846,816,951.56
Investments in associates and joint ventures	31,885,619.02		31,885,619.02	33,316,317.01		33,316,317.01
Total	9,167,742,923.42		9,167,742,923.42	8,880,133,268.57		8,880,133,268.57

(1) Investments in subsidiaries

Unit: RMB

Investees	Opening balance(Carrying amount)	Opening balance of provisio	Changed amount of the current period				Closing balance (Carrying amount)	Closing balance of provisio
			Investmen ts increased	Investme nts decrease	Provisio n for impairm	Othe rs		

		n for impairm ent		d	ent			n for impairm ent
Zhejiang Sanhua Automotive Components Co., Ltd.	2,736,994,138.03		9,332,423.06				2,746,326,561.09	
Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd	661,662,655.05		2,482,473.43				664,145,128.48	
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	1,376,473,565.88		0.00				1,376,473,565.88	
Sanhua International Inc.	307,863,648.30		0.00				307,863,648.30	
Sanhua International Singapore Pte. Ltd	959,288,106.40		168,979,091.86				1,128,267,198.26	
Wuhu Sanhua Automatic Control Components Co., Ltd	294,042,343.47		308,269.58				294,350,613.05	
Sanhua. (Jiangxi) Automatic Control Components Co., Ltd.	94,227,657.67		99,784.94				94,327,442.61	
Xinchang Sitong Electrical and Mechanical Co., Ltd	138,940,625.94		498,924.78				139,439,550.72	
Zhejiang Sanhua Commercial	1,659,471,139.20		3,706,418.40				1,663,177,557.60	

Refrigerati on Co. Ltd								
Zhejiang Sanhua Trading Co. Ltd	59,656,207.70		985,004.22				60,641,211.9 2	
Changzho u Lanke four-way valve co., LTD	62,541,614.60		0.00				62,541,614.6 0	
Hangzhou Leaderwa y Electronic s Co., Ltd	57,600,171.50		93,088,021. 59				150,688,193. 09	
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	33,693,798.36		159,790.04				33,853,588.4 0	
Zhongsha n Sanhua Air conditioni ng Refrigerati on Compone nts Co., Ltd	5,840,963.15		43,744.18				5,884,707.33	
Wuhan Sanhua Refrigerati on Compone nts Co., Ltd	5,291,974.78		163,432.52				5,455,407.30	
Zhongsha n Sanhua Refrigerati on Compone nts Co., Ltd	6,803,867.94		225,128.78				7,028,996.72	
Suzhou Sanhua Air- Condition er Parts Co.,Ltd	9,261,580.01		83,202.18				9,344,782.19	
Sanhua AWECO Appliance Systems (Wuhu)	153,515,398.66		336,833.82				153,852,232. 48	

Co., Ltd.									
Zhejiang Sanhua Minshi Automotive Components Co., Ltd	51,000,000.00		25,880.68					51,025,880.68	
Sanhua New Energy Thermal Management Technology (Hangzhou) Co., Ltd	142,647,494.92		8,521,928.78					151,169,423.70	
Zhejiang Xianji Intelligent Technology Co., Ltd	30,000,000.00		0.00					30,000,000.00	
Total	8,846,816,951.56		289,040,352.84					9,135,857,304.40	

(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
□. Joint ventures												
□. Associates												
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	4,941,151.03				118,788.95						5,059,939.98	

Chongqing Tainuo Machinery Co., Ltd.	18,304,176.79				2,882,088.15			5,000,000.00			16,186,264.94	
Ningbo Jinlifeng Machinery Co., Ltd	2,818,824.39				648,292.40			1,250,000.00			2,217,116.79	
Qingdao Sanhua Jinlifeng Machinery Co., Ltd.	5,405,402.11				1,143,201.43						6,548,603.54	
Xinhang Zhejiang energy sanhua comprehensive energy co. LTD	1,846,762.69				26,931.08						1,873,693.77	
Subtotal	33,316,317.01				4,819,302.01			6,250,000.00			31,885,619.02	
Total	33,316,317.01				4,819,302.01			6,250,000.00			31,885,619.02	

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	3,407,774,422.17	2,518,245,943.61	3,187,342,829.65	2,446,802,656.79
Other operations	197,135,728.18	181,650,170.13	188,742,061.91	179,628,647.43

Total	3,604,910,150.35	2,699,896,113.74	3,376,084,891.56	2,626,431,304.22
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5. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	4,819,302.01	4,605,330.06
Dividend income	502,800,000.00	46,862,001.82
Investment income of bank financing products	693,396.23	86,531.50
Gains and losses on settlement of futures contracts	7,141,899.96	4,141,032.14
Gains and losses on settlement of foreign exchange contract	-1,700,514.34	530,000.00
Interest Income of fund	8,297,712.15	7,748,626.08
Advance payment gains	1,062,365.12	641,743.78
Total	523,114,161.13	64,615,265.38

6. Others

R&D expenses

Unit: RMB

Items	Jan-Jun, 2024	Jan-Jun, 2023
Labor cost	94,115,272.33	79,766,562.72
Direct input expense	38,492,107.85	66,348,245.97
Depreciation and amortization expense	6,072,563.17	5,448,825.42
Mold manufacturing expense	2,414,384.77	911,150.50
Royalties	2,074,810.41	632,046.18
Outsourcing R&D expense	484,504.85	356,340.18
Others	2,645,272.63	339,063.34
Total	146,298,916.01	153,802,234.31

XVII. 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	-6,146,341.57	
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)	51,359,679.62	
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	-62,865,867.03	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

liabilities, and other debt investments, excluding those arising from hedging business related to operating activities		contracts. In January to June, 2024, the futures gain was 13.1419 million yuan and the forward loss was 76.0077 million yuan; In January to June, 2023, the futures gain was 4.3452 million yuan and the forward loss was 137.7080 million yuan. So, the amount of non-recurring gains and losses in the first half of both years fluctuated significantly. Meanwhile, the exchange income was 42.0242 million yuan in January to June, 2024, the exchange income was 194.1929 million yuan in January to June, 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.
Other non-operating revenue or expenditures except the above items	1,932,406.50	
Other items of profit or loss that meet the definition of non-recurring profit or loss	1,520,214.66	
Less: Enterprise income tax affected	-3,260,821.02	
Non-controlling interest affected (after tax)	1,372,561.97	
Total	-12,311,648.77	--

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	8.32%	0.40	0.40
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	8.39%	0.41	0.41

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

Applicable Not Applicable