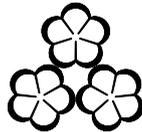


Zhejiang Sanhua Intelligent Controls Co., Ltd.
2022 Semi-Annual Report



August 2022

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 Sheng Xiaofeng, 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 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 approved by the board of directors is as follows: Based on provisional 3,586,507,315 shares of capital stock as of August 10, 2022 ^[note], cash dividend of RMB 1.00 (including tax) will be distributed to all shareholders for every 10 shares. The Company will not distribute bonus shares or convert capital reserves to share capital.

Note: As of August 10, 2022, the share capital of the Company is 3,591,121,375 shares, of which the number of repurchased shares is 4,614,060. 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.

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.

CONTENTS

Section I Important Notes, Contents and Definitions	2
Section II Corporate Profile and Key Financial Indicators.....	6
Section III Management’s Discussion and Analysis of Operations	10
Section IV Corporate Governance	31
Section V Environmental and Social Responsibility	35
Section VI Significant Events.....	40
Section VII Changes in Shares and Information about Shareholders	60
Section VIII Information of Preferred Shares.....	69
Section IX Bonds.....	70
Section X Financial Report.....	73

List of Documents Available for Inspection

1. The 2022 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
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	No. 12 St., No. 289 Xiasha Economic Development, Hangzhou, Zhejiang, China.	No. 219, Woxi Avenue, Meizhu, Xinchang, Zhejiang, China.
Tel.	0571-28020008	0575-86255360
Fax	0571-28876605	0575-86563888-8288
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

There are no changes in the Company's registered address, office address, zip code, website or Company email address during the reporting period. Please refer to 2021 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

Newspaper designated by the Company for information disclosure	<i>Securities Times, Shanghai Securities News</i>
Website specified by CSRC for release of the Semi-Annual Report	http://www.cninfo.com.cn
Place where the Semi-Annual Report is available for inspection	Office of the Board of Directors

Note: The information disclosure newspapers selected by the Company were changed from *China Securities News* and *Securities Times* to *Securities Times* and *Shanghai Securities News* on July 1.

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)	10,159,952,995.52	7,674,081,761.69	32.39%
Net Profit Attributable to Shareholders of the Listed Company (RMB)	1,003,187,335.23	823,881,221.70	21.76%
Net Profit Attributable to Shareholders of the Listed Company after Deducting Non-recurring Gains and Losses (RMB)	1,030,047,529.50	719,771,655.78	43.11%
Net Cash Flow Generated from Operational Activities (RMB)	761,013,129.16	825,216,623.26	-7.78%
Basic Earnings per Share (RMB/Share)	0.28	0.23	21.74%
Diluted Earnings per Share (RMB/Share)	0.27	0.23	17.39%
Weighted Average ROE	8.74%	8.04%	0.70%
	At the End of the Current Reporting Period	At the End of Last Year	YoY Change (%)
Total Assets (RMB)	25,411,743,393.51	23,619,966,759.91	7.59%
Net Assets Attributable to Shareholders of the Listed Company (RMB)	11,681,018,144.09	11,150,308,271.43	4.76%

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)	-2,160,081.08	
The Government Subsidies Included in the Current Gains and Losses (Excluding the Government Subsidies Closely Related to Regular Businesses of the Company and Issued in the Quota or Quantity Based on the National Standards)	42,675,116.00	
Gains or Losses Attributed to the Changes in Fair Value for Holding Held-for-trading financial assets, Derivative Financial Assets, Trading Financial Liabilities, Derivative Financial Liabilities and Investment Income from Disposal of Held-for-trading financial assets, Derivative Financial Assets, Trading Financial Liabilities, Derivative Financial Liabilities and Other Debt Investment, Excluding Hedging Businesses Related to the Regular Business Operation of the Company	-74,467,851.85	In order to avoid the price risk of raw materials and prevent exchange rate risk, the Company and its subsidiaries have carried out derivatives business, including futures contracts and foreign exchange forward contracts. From January to June 2022, the futures loss is 9.5117 million yuan, and the forward loss is 64.9561 million yuan. From January to June 2021, the futures income is 19.8287 million yuan, and the forward income is 40.9239 million

		yuan. Therefore, the amount of non-recurring profit and loss items fluctuated greatly in the first half of the two years. Meanwhile, the exchange gain from January to June 2022 was 100.6505 million yuan, and the exchange loss from January to June 2021 was 51.1292 million yuan. According to the <i>Explanatory Announcement No. 1 of Information Disclosure of Listed Companies – Non-recurring Gains and Losses</i> , foreign exchange gains and losses are recurring gains and losses, while futures and forward gains and losses are non-recurring gains and losses.
Non-operating Revenue and Expenditures Other Than the Above	2,794,581.35	
Other Gains and Losses Items that Fit in the Definition of Non-recurring Gains and Losses	1,442,214.20	
Less: Impact of Income Tax	-5,646,677.91	
Impact of Minority Equity (after tax)	2,790,850.80	
Total	-26,860,194.27	--

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

The Company adheres to the "Focus on Leading, Innovation, Transcendence" business path, concentrating on the research and application of heat pump technology and thermal management system products, focusing on the development of environmental thermal management solutions for heat exchange and temperature intelligent control, and is committed to the professional operation in the fields of building HVAC, electrical equipment and automotive thermal management. According to the different stages and characteristics of strategic business and their development, the Company's business is mainly divided into refrigeration and air conditioning electrical components business and automotive components business.

The main products of refrigeration and A/C electrical parts business include Four-way Reversing Valve, Electronic Expansion Valve, Solenoid Valve, Microchannel Heat Exchanger, Omega Pump, etc., which are widely used in A/C, refrigerator, cold chain logistics, dishwasher and other fields; the main products of automotive components business include Thermal Expansion Valve, Receiver Drier, Electronic Expansion Valve, Thermal Management Integrated Module for new energy vehicle, Electronic Water Pump, etc., which are widely used in both new energy vehicles and traditional fuel vehicles.

During the reporting period, the Company's main business and its business model have not changed.

2. Industry development

(1) Refrigeration and air conditioning electrical components industry

China is the largest manufacturing base of A/C and refrigerators in the world, and its production and sales volume ranks first globally. In line with the trend of environmental protection in the world, energy-saving inverter and intelligent technology have become the trend, which puts forward a series of new requirements for the market of control components, and also brings new development opportunities. As a leading enterprise in the refrigeration control components industry, the Company will follow the trend, firmly seize this opportunity and develop steadily.

(2) Automotive components industry

The global automobile industry has been developing rapidly, which also drives the market demand of automotive A/C and thermal management products to continue to grow substantially. In recent years, the development of new energy vehicles has become a certain trend, which puts forward higher and more updated requirements for A/C and thermal management products no matter in hybrid, pure electric or hydrogen energy vehicles. Focusing on the in-depth research on A/C and thermal management system of new energy vehicles, the Company has gradually developed from components to module and subsystems, and has become the cooperative partner of Valeo, Volkswagen, Mercedes Benz, BMW, Volvo, Toyota, GM, Geely, BYD, SAIC, NIO, etc.

3. Industry position of the Company

The Company is the world's largest manufacturer of refrigeration control components and the world's leading manufacturer of automotive A/C and 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. 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, Service Valve, Solenoid Valve, Microchannel Heat Exchanger, Automotive Electronic Expansion Valve, Thermal Management Integrated Module for new energy vehicle, Omega Pump ranks first globally. The market share of the Company's Vehicle 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 "Focus on Leading, Innovation, and Transcendence" 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 product 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 synergetic effect with the original business, continues to deepen the research and development of automobile A/C and 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 3,087 patents both domestic and abroad, including 1,498 invention patents. The first priority of the Company is to meet the needs of customers with all products, services and quality.

3. Quality assurance, scale economy effect

The Company's products cover refrigeration A/C electrical components and automotive components industry. The market share of the Company's Electronic Expansion Valve, Four-way Reversing Valve, Service Valve, Solenoid Valve, Microchannel Heat Exchanger, Automotive Electronic Expansion Valve, Thermal Management Integrated Module for new energy vehicle, Omega Pump ranks first globally. The market share of Vehicle 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, and won the high comments from JCI, Daikin, Carrier, Gree, Midea, 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 opening up international market, and 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 established overseas production bases in the United States, Poland, Mexico, Vietnam and other places, and has preliminary ability to cope with production globalization. And in practice, we have trained a number of management talents who can meet the requirements of business development in different countries and regions.

III. Main Business Analysis

Overview

In the first half of 2022, the Russia Ukraine war broke out, the global prices of bulk raw materials and energy soared, and the inflation situation is severe. At the same time, the global supply chain has also been greatly impacted by this war, the COVID-19 and other factors, which poses a threat to market demand and supply. Specific to the industry in which the Company operates, although the Company's refrigeration and air conditioning electrical parts business was restrained by consumption, due to changes in the competition pattern, a large number of orders flowed in and the revenue increased significantly. The automotive components business was under short-term pressure due to the impact of the COVID-19, but the tide of global new energy vehicles is irresistible, and it has achieved good revenue growth in the first half of 2022.

During the reporting period, the total revenue is RMB 10.160 billion, a year-on-year increase of 32.39%. The operating profit is RMB 1.238 billion, a year-on-year increase of 22.82%. The net profit attributable to shareholders of listed company is RMB 1.003 billion, a year-on-year increase of 21.76%. The revenue of refrigeration and air conditioning electrical components business is RMB 6.961 billion, a year-on-year increase of 25.13%. The revenue of automotive components business is RMB 3.199 billion, a year-on-year increase of 51.53%.

(I). Focus on operation and deepen industrial layout

1. Refrigeration and air conditioning electrical components business

In the context of “carbon neutrality and carbon emission peak”, in order to improve the sales volume of products, the refrigeration and air conditioning electrical parts business actively seizes the development opportunities of related businesses such as energy efficiency upgrading, refrigerant switching, VRF, kitchen appliances and energy storage, continues to expand the target customers, deepen the building of product strength, and enhance the acquisition and transformation of business opportunities. The Company internally promotes the construction of digital factories and improves production efficiency through intelligent manufacturing and lean production. Recently, the commercial production lines are being moved to the Industrial Park in the city of Daming, and the construction and relocation are carried out as planned. It lays a foundation for improving the Company's business scale and competitive advantages, optimizing the business structure, and realizing the medium and long-term strategic development goals.

2. Automotive components business

Under the development opportunities of the new energy vehicle thermal management industry, the automotive components business adheres to the direction of system integration, increase R&D investment, and maintain the leading technical level in the industry development. At the same time, in the rapid growth process of the new energy thermal management track, it adheres to targeted strategic customers, always pays close attention to changes in market demand and competition pattern, accelerates product iteration, ensures product competitiveness, and actively obtains new orders. In addition, in the process of globalization development, the Company actively built plants in Mexico and Shaoxing Binhai, and launched new plant projects in Poland to increase production capacity layout and talent team construction.

(II). Deepen the building of product strength and improve the core competitiveness of strategic products

During the reporting period, the Company invested RMB 479 million in R&D, with a year-on-year increase of 35.99%. The continuous investment in R&D is used to build the value of product strength and enhance the competitiveness. By focusing on the eight main dimensions of "Design Cost, Performance, Customer Delivery, Carbon Index, Innovation Competitiveness, Technological Equipment, Supply Chain and Quality", the Company continues to optimize and iterate, and participates in market competition with new products and technologies.

(III). Pay attention to the construction of talent team and deepen talent incentive

During the reporting period, the Company optimized recruitment channels, carried out accurate recruitment, and continued to promote training courses on professional knowledge, strengthened the identification of talent growth, and implemented the training and reserve of talents. At the same time, the Company launched the third phase equity incentive scheme for the Company's directors, senior managers and other core talents, and further established and improved the Company's long-term incentive mechanism.

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	10,159,952,995.52	7,674,081,761.69	32.39%	Mainly due to the rapid development of refrigeration and air conditioning control components and new energy automobile industry, which promotes the steady development of the Company's sales
Cost of sales	7,702,347,707.94	5,741,171,853.68	34.16%	Mainly due to the cost growth driven by the sales growth
Selling Expenses	219,831,170.12	182,548,395.40	20.42%	
Administrative Expenses	468,457,579.13	374,431,536.21	25.11%	
Financial Expenses	-85,227,439.31	49,304,431.90	-272.86%	Mainly due to the

				increase in exchange gains in the current period
Income Tax Expenses	224,588,797.63	170,607,121.16	31.64%	Mainly due to the growth of total profits in the current period
R&D Investments	478,918,631.31	352,175,549.62	35.99%	Mainly due to the increase of R&D personnel salary, material power, mold investment, etc.
Net Cash Flows from Operating Activities	761,013,129.16	825,216,623.26	-7.78%	
Net Cash Flows from Investment Activities	-1,493,780,685.20	-313,010,482.60	-377.23%	Mainly due to the increase in the purchase of large certificates of deposit, the purchase and construction of fixed, intangible and other long-term assets
Net Cash Flows from Financing Activities	-123,929,030.92	2,299,821,228.74	-105.39%	Mainly due to the issuance of convertible bonds in the same period last year
Net Increase in Cash and Cash Equivalents	-769,569,702.01	2,794,780,733.88	-127.54%	

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	10,159,952,995.52	100%	7,674,081,761.69	100%	32.39%
Classified by Industry					
General Equipment Manufacturing Industry	10,159,952,995.52	100.00%	7,674,081,761.69	100.00%	32.39%

Classified by Products					
Refrigeration A/C Electrical Components	6,961,386,065.52	68.52%	5,563,260,796.57	72.49%	25.13%
Automotive Components	3,198,566,930.00	31.48%	2,110,820,965.12	27.51%	51.53%
Classified by Region					
Domestic Sales	5,237,886,317.54	51.55%	3,703,718,671.83	48.26%	41.42%
Overseas Sales	4,922,066,677.98	48.45%	3,970,363,089.86	51.74%	23.97%

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	10,159,952,995.52	7,702,347,707.94	24.19%	32.39%	34.16%	-1.00%
Classified by product						
Refrigeration A/C Electrical Components	6,961,386,065.52	5,314,987,405.26	23.65%	25.13%	28.48%	-1.99%
Automotive Components	3,198,566,930.00	2,387,360,302.68	25.36%	51.53%	48.80%	1.37%
Classified by region						
Domestic Sales	5,237,886,317.54	3,984,840,532.25	23.92%	41.42%	46.84%	-2.81%
Overseas Sales	4,922,066,677.98	3,717,507,175.69	24.47%	23.97%	22.79%	0.72%

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

Explanations on relevant data changed for more than 30% on a year-over-year base

Applicable Not applicable

The revenue of automotive components business is increased by 51.53% over the same period of last year. It is mainly due to the continuous improvement of new energy vehicle market. Thus, it drives automotive components business to grow rapidly and cost of sales are increased correspondingly.

IV. Non-Main Business Analysis

√Applicable □Not applicable

Unit: RMB

	Amount	Proportion to net profit	Note of Change	Sustainability
Investment Income	47,271,481.68	3.81%	Gains of futures contract settlement, foreign exchange forward contract settlement, bank financial product, etc.	No
Gains and Losses from Change of Fair Value	-114,976,611.99	-9.28%	Floating income of futures contracts, foreign exchange forward contracts, bank financial products, etc.	No
Non-operating Revenue	4,109,594.03	0.33%	Income from nonpayment, compensation and liquidated damages, etc.	No
Non-operating Expenditures	2,949,255.42	0.24%	Loss on retirement of non-current fixed assets, etc.	No
Credit Impairment Loss	-71,124,663.90	-5.74%	Bad debt loss, etc.	No
Assets Impairment Loss	-11,922,725.03	-0.96%	Loss on impairment of inventories, etc.	No
Gains on Disposal of Properties	-525,838.34	-0.04%	Loss on disposal of fixed assets	No
Other Gains	57,394,745.60	4.63%	Government subsidies, etc.	The government grants of VAT refund of civil welfare enterprises and software product VAT exceeding tax burden are sustainable, while the rest are not sustainable

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	6,178,842,175.63	24.31%	6,707,721,861.13	28.40%	-4.09%	
Accounts receivable	4,834,233,841.80	19.02%	3,516,292,868.39	14.89%	4.13%	
Inventories	3,904,043,815.42	15.36%	3,637,853,809.47	15.40%	-0.04%	
Real estate held for investment	7,966,521.52	0.03%	8,531,303.62	0.04%	-0.01%	
Long-term equity investment	28,756,781.35	0.11%	22,680,930.51	0.10%	0.01%	
Fixed assets	4,460,422,484.12	17.55%	4,232,706,801.07	17.92%	-0.37%	
Construction in progress	1,894,708,897.71	7.46%	1,343,528,875.40	5.69%	1.77%	
Assets with right of use	220,803,340.44	0.87%	215,324,024.26	0.91%	-0.04%	
Short-term borrowings	1,105,569,060.98	4.35%	738,190,910.54	3.13%	1.22%	
Contractual liabilities	93,619,937.21	0.37%	79,816,249.22	0.34%	0.03%	
Long-term borrowings	1,642,149,417.78	6.46%	801,461,958.89	3.39%	3.07%	
Lease liabilities	146,707,369.82	0.58%	157,981,678.16	0.67%	-0.09%	
Non-current liabilities due within one year	914,868,890.32	3.60%	1,763,342,887.58	7.47%	-3.87%	
Bonds payable	2,710,338,901.46	10.67%	2,652,035,619.50	11.23%	-0.56%	

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. (USA) (Consolidated)	Equity Investment	2,198,454,385.41	The United States	R&D, Manufacturing, Marketing and Investment Management	Financial supervision and entrusted external audit	56,266,211.25		No
Sanhua International Singapore Pte. Ltd. (Consolidated)	Equity Investment	4,215,198,450.20	Singapore	Manufacturing, Marketing and Investment Management	Financial supervision and entrusted external audit	10,020,497.89		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)	109,383,374.74	-1,143,374.74				8,240,000.00		100,000,000.00
2. Derivative Financial Assets	54,640,365.03	-44,430,544.84						10,209,820.19
Subtotal	164,023,739.77	-45,573,919.58				8,240,000.00		110,209,820.19
Total	164,023,739.77	-45,573,919.58				8,240,000.00		110,209,820.19
Financial Liabilities	0.00	70,095,922.94						70,095,922.94

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	Closing Book value (RMB)	Reasons for being restricted
Cash and Bank Balance	21,052,115.20	Margin deposit
	92,200,363.98	Futures contract margin
Notes Receivable	1,712,625,978.86	Pledge for financing
Accounts receivable	167,036,569.90	Electronic digital credit certificate that has been endorsed, paid or discounted but has not expired
Total	1,992,915,027.94	--

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 (%)
547,740,000.00	1,581,000,000.00	-65.35%

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

(2) Derivatives Investments

Applicable Not applicable

Unit: RMB in 10 thousand

Operation party of derivatives investment	Whether related party	Whether related transaction	Type of derivatives investment	Initial investment amount of derivatives investment	Initial date	Termination date	Opening investment amount	Purchased amount during the reporting period	Sold amount during the reporting period	Impairment provisions (if any)	Closing investment amount	Proportion of closing investment amount to the Company's net assets at the end of the reporting period	Actual gain or loss during the reporting period
Futures Company, Bank	Non related parties	No	Futures contracts, foreign exchange forward contracts, etc.	0.00			0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Total				0.00	--	--	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Capital source of derivatives investment				Company's self-owned fund									
Prosecution (if applicable)				Not applicable									
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 avoid the price risk of raw materials and exchange rate risk, the Company and its subsidiaries have carried out derivative business, including futures contracts and foreign exchange forward contracts. The Company and its subsidiaries strictly comply with the relevant provisions listed in the <i>Management Measures for Future Hedging Business</i> and <i>Management Measures for Foreign Exchange Hedging Business</i> .									
Change of market price or fair value of invested				Not applicable									

<p>derivatives during the reporting period; specific methods, related assumptions and parameter setting of the derivatives' fair value analysis should be disclosed</p>	
<p>During the current reporting period, whether there was significant changes of accounting policies and accounting principles of the Company's derivatives comparing to the prior reporting period</p>	<p>Not applicable</p>
<p>Special opinions of independent directors on derivatives investment and risk control of the Company</p>	<p>1. After verification, the independent directors made the following independent opinions: The approval process of the Company and its subsidiaries to carry out futures hedging business with their own funds complies with relevant national laws, regulations and the relevant provisions of the <i>Articles of Association</i>. At the same time, the Company has formulated the <i>Management Measures for the Operation of Futures Hedging Business</i>, which can effectively carry out internal control and management and implement risk prevention and control measures. On the premise of ensuring normal production and operation, the Company's hedging business is conducive to avoiding market risks, hedging the impact of raw material prices on the Company's production and operation, and realizing the Company's long-term steady development. Therefore, we agree that the Company and its subsidiaries carry out futures hedging business, and agree to submit the proposal to the general meeting of shareholders of the Company for deliberation.</p> <p>2. After verification, the independent directors made the following independent opinions: The approval process of the Company and its subsidiaries to carry out foreign exchange hedging business complies with relevant national laws, regulations and the relevant provisions of the <i>Articles of Association</i>. At the same time, the Company has formulated the <i>Management System of Foreign Exchange Hedging Business</i>, which can effectively carry out internal control and management and implement risk prevention and control measures. On the premise of ensuring normal production and operation, the Company's foreign exchange hedging business is conducive to controlling exchange rate risks, reducing exchange losses, reducing the impact of exchange rate fluctuations on the Company's normal operations, and realizing the long-term steady development of the Company. Therefore, we agree that the Company and its subsidiaries carry out foreign exchange hedging business, and agree to submit the proposal to the general meeting of shareholders of the Company for deliberation.</p>

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	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
2017	Non-public offering	132,231	2,611.02	132,231	0	0	0.00%	0	/	0
2021	Public offering	298,753.1	36,263.14	147,862.53	0	0	0.00%	150,890.57	Deposited in the special account for raised funds and the subscription of large amount certificates of deposit.	0
Total	--	430,984.1	38,874.16	280,093.53	0	0	0.00%	150,890.57	--	0
Description of Overall Usage of Raised Funds										
(I) Year 2017										
1. The actual amount of raised fund and date of transfer in										
With the approval of China Securities Regulatory Commission (CSRC) [2017] No. 1392, the Company non-public issued										

88,154,000 common shares (A shares), with a total raised capital of RMB 1,322,310,000.00. After deducting the issuance expenses of RMB 13,078,480.00, the net amount of raised funds is RMB 1,309,231,520.00. The above-mentioned raised funds were transferred in on September 1st, 2017, and it has been verified by Tianjian accounting firm, which has issued the *Capital Verification Report (TJY [2017] No. 327)*.

As the implementation subjects are Zhejiang Sanhua Automotive Components Co., Ltd. (hereinafter referred to as Sanhua Auto) and its subsidiary Shaoxing Sanhua New Energy Automotive Components Co., Ltd. (hereinafter referred to as Shaoxing Auto), the Company has allocated the raised funds of RMB 1,301,310,000.00 to Sanhua Auto in the form of capital increase. Sanhua Auto synchronously allocated the raised fund of RMB 503,620,000.00 to Shaoxing Auto in the form of capital increase.

2. Usage and balance of raised funds

Items	Index	Amount (Unit: RMB in 10 thousand)
Net amount of raised funds	A	132,231.00
Accumulated amount as of the beginning of the period	Project investment	132,606.88
	Net income from raised funds	10,100.52
	Replenish working capital	7,113.62
Amount incurred in this reporting period	Project investment	401.40
	Net income from raised funds	23.30
	Replenish working capital	2,232.92
Accumulated amount by the end of the period	Project investment	D1=B1+C1 133,008.28
	Net income from raised funds	D2=B2+C2 10,123.82
	Replenish working capital	D2=B3+C3 9,346.54
Calculated balance of raised funds	E	0.00
Actual balance of raised funds	F	0.00
Difference	G=E-F	0.00

Note: the net income from raised funds refers to the net amount of interest income and wealth management income after deducting bank handling charges, the same below.

(II) Year 2021

1. The actual amount of raised fund and date of transfer in

In June 2021, with the approval of China Securities Regulatory Commission (CSRC) [2021] No. 168, the Company publicly issued 30 million convertible corporate bonds (Sanhua convertible bond) with a par value of RMB 100, issued at face value, raising RMB 3 billion in total. The net amount of raised funds after deducting the issuance expenses of 12,468,991.59 yuan is 2,987,531,008.41 yuan. The above-mentioned receipt of raised funds has been verified by Tianjian accounting firm, who issued

the *Capital Verification Report (TJY [2021] No. 277)*.

Since Zhejiang Sanhua Commercial Refrigeration Co., Ltd. (hereinafter referred to as "Sanhua Commercial") is one of the implementation subjects, the Company has allocated 1,487,000,000.00 yuan of the raised funds to Sanhua Commercial in the form of capital increase.

2. Usage and balance of raised funds

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	112,860.66
	Net income from raised funds	1,261.27
Amount incurred in this reporting period	Project investment	37,097.56
	Net income from raised funds	834.41
Accumulated amount by the end of the period	Project investment	D1=B1+C1 149,958.22
	Net income from raised funds	D2=B2+C2 2,095.68
Calculated balance of raised funds	E	150,890.57
Actual balance of raised funds	F	150,890.57
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 new energy vehicle parts with an annual output of 11.5 million sets	No	50,362	50,362	401.4	52,726.95	104.70%	December 31, 2021	7,646.83	Yes	No
Technical transformation project of thermal management system modules of new energy vehicles with an annual output of 7.3 million sets	No	45,495	45,495		49,343.68	108.46%	January 31, 2021		N/A	No
Technical transformation project of automotive air conditioning control parts with an annual output of 12.70 million sets	No	20,874	20,874		19,193.15	91.95%	March 31, 2020		N/A	No
Expansion of product testing room and production auxiliary room project	No	13,400	13,400		9,686.65	72.29%	January 31, 2019		N/A	No
Payment of intermediary fees	No	2,100	2,100		2,057.85	97.99%			N/A	No
Construction project of commercial refrigeration and air conditioning intelligent control components with an annual output of 65 million sets	No	148,700	148,700	33,528.83	59,034.72	39.70%	May 31, 2025		N/A	No
Technical transformation project of high-efficiency and energy-saving refrigeration and air conditioning control components with an annual output of 50.5	No	69,800	69,800	3,568.73	9,650.57	13.83%	August 31, 2024		N/A	No

million sets										
Supplementary of working capital	No	81,500	81,500		81,272.93	99.72%			N/A	No
Subtotal of committed investment projects	--	432,231	432,231	37,498.96	282,966.5	--	--	7,646.83	--	--
Investment of over raised funds										
/										
Total	--	432,231	432,231	37,498.96	282,966.5	--	--	7,646.83	--	--
Circumstances and reasons for not reaching the planned progress or expected income (by specific project)	<p>Funds raised in 2017:</p> <p>(1) Upon deliberation and approval by the board of directors on April 1, 2019, the date of scheduled serviceability status of "7.3 million sets of new energy vehicle thermal management system components project" and "12.7 million sets of vehicle air conditioning control components project" was extended from January 2019 to January 2021, and other contents of the project remain unchanged. The specific reasons for the slowdown of the construction progress of the above two projects are as follows:</p> <p>The Company adopts the strategy of prudent use and reasonable investment of the raised funds in combination with the existing product structure and market trend. As the new equipment tends to be more intelligent and systematic, the Company has selected the equipment according to the latest technical requirements and product models, so that the investment progress of the new equipment of the project is later than expected.</p> <p>In March 2020, "12.7 million sets of automotive air conditioning control parts project" was completed and accepted. In January 2021, the "technical transformation project of thermal management system components for new energy vehicles with an annual output of 7.3 million sets" was completed and accepted.</p> <p>(2) Upon deliberation and approval by the board of directors on April 27, 2020, the date of scheduled serviceability status of "construction project of new energy vehicle parts with an annual output of 11.5 million sets" was extended from December 2019 to December 2021, while other contents of the project remain unchanged. The specific reasons for the slowdown of the construction progress of the project are as follows:</p> <p>The Company adopts the strategy of prudent use and reasonable investment of the raised funds in combination with the changing situation of the existing market. In combination with customer feedback and production scheduling plan, the Company gradually released the production capacity according to the actual customer demand. In order to ensure that the investment progress can meet the actual production progress demand, the Company adjusted the equipment procurement time of the raised investment project and extend the investment period of the raised capital investment project according to the customer's time node requirements. In December 2021, the "construction project of new energy auto parts with an annual output of 11.5 million sets" was completed and accepted.</p>									
Significant changes in	N/A									

the feasibility of projects	
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 replacement of projects invested with raised funds	Applicable Funds raised in 2017: In 2017, the Company replaced the initial investment of 140.5585 million yuan with raised funds. Funds raised in 2021: In 2021, the Company replaced the initial investment amount of 179.3857 million yuan with raised funds.
Temporary supplement of working capital with idle raised funds	N/A
The amount and reasons of the balance of raised funds in the project implementation	N/A
Applications of unused raised funds	Funds raised in 2021: 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 Climate & Appliance Controls Group Co.,Ltd	Subsidiary	Refrigeration and A/C electrical components manufacturing and marketing	RMB 250 million	4,372,532,843.68	3,613,356,027.15	1,394,315,015.47	236,524,226.41	201,038,614.14
Sanhua (Hangzhou) Micro Channel Heat Exchanger Co.,Ltd.	Subsidiary	Refrigeration and A/C electrical components manufacturing and marketing	RMB 360 million	1,834,923,473.94	965,835,266.78	954,470,010.72	87,862,038.08	72,309,354.83
Zhejiang Sanhua Trading Co., Ltd.	Subsidiary	Refrigeration and A/C electrical components marketing	RMB 50 million	3,454,701,232.60	150,222,516.97	2,483,175,425.00	-8,908,806.02	-5,979,745.23
Zhejiang Sanhua Automotive	Subsidiary	Automotive component	RMB 1.46 billion	6,688,366,843.14	3,993,827,804.79	3,198,566,930.00	471,663,016.70	405,218,337.57

e Componen ts Co., Ltd		s manufactur ing and marketing						
Zhejiang Sanhua Commerci al Refrigerati on Co., Ltd	Subsidiary	Refrigerati on and A/C electrical component s marketing	RMB 1.65529 billion	1,745,837, 962.02	1,685,961, 102.14	118,237,30 9.42	14,590,888 .59	12,659,617 .24
Sanhua Internation al, Inc. (USA) (Consolida ted)	Subsidiary	Refrigerati on and A/C electrical component s manufactur ing marketing and investment manageme nt	USD 37.55 million	2,198,454, 385.41	401,200,68 8.92	2,102,519, 438.00	74,700,822 .00	56,266,211 .25
Sanhua Internation al Singapore Pte. Ltd. (Consolida ted)	Subsidiary	Refrigerati on and A/C electrical component s manufactur ing marketing and investment manageme nt	USD 150.57983 3 million	4,215,198, 450.20	1,015,433, 008.70	3,394,581, 392.56	15,828,198 .36	10,020,497 .89

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
Sanhua New Energy Thermal Management Technology (Hangzhou) Co., Ltd	New investment	No significant impact
Sanhua Heat Exchanger (Zhengzhou)	New investment	No significant impact

Co., Ltd		
----------	--	--

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, and timely negotiation with customers.

(2) The risk of rising labor cost

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

(3) Exchange rate fluctuation risks

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

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 2022	Extraordinary General Meeting	75.75%	January 26, 2022	January 27, 2022	<i>The announcement of the resolution of the first extraordinary general meeting of shareholders in 2022 No. 2022-009 was published in China Securities Journal, Securities Times and CNINFO</i>
2021 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	78.31%	April 15, 2022	April 16, 2022	<i>The announcement on the resolution of the annual general meeting of shareholders in 2021 (2022-039) was published in China Securities Journal, Securities Times and CNINFO</i>
Second Extraordinary General Meeting in 2022	Extraordinary General Meeting	77.80%	May 25, 2022	May 26, 2022	<i>The announcement on the resolution of the second extraordinary general meeting of shareholders in 2022 (2022-059) was published in China Securities Journal, Securities Times and</i>

					CNINFO
--	--	--	--	--	--------

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

Name	Position	Type	Date	Reasons
Yu Shuli	Director	Resign	January 26, 2022	Resign upon expiration of term of office
Ren Jintu	Director	Elected	January 26, 2022	Elected by the board of directors

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
Total capital share basis for the distribution proposal (share)	3,586,507,315
Total cash dividend (RMB) (tax inclusive)	358,650,731.50
Cash dividend amount in other ways (such as share repurchase) (RMB)	74,569,331.00
Total cash dividends (including other ways) (RMB)	433,220,062.50
Distributable profits (RMB)	1,278,977,230.25
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 3,586,507,315 shares of capital stock as of August 10, 2022 ^[note], cash dividend of RMB 1.00 (including tax) 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 358,650,731.50 will be distributed, and the Company's remaining undistributed profits are carried forward to the next year.</p> <p>Note: As of August 10, 2022, the share capital of the Company is 3,591,121,375 shares, of which the number of repurchased shares is 4,614,060. According to the provisions of the <i>Company Law</i>, 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

In order to further improve the Company's governance structure, promote to establish and improve the incentive and restraint mechanism, attract and retain excellent talents, and effectively mobilize the enthusiasm of the core talents, the Company has continuously launched equity incentive schemes.

1. In 2020, the Company launched the 2020 restricted stock incentive plan, granting 12.045 million shares of restricted stock to 914 incentive objects. The granting date of this equity incentive plan is February 24, 2020, and the granting price of restricted stock is 9.85 yuan/share. The listing date of this restricted stock is March 20, 2020.

- (1) On November 5, 2020, the fourth extraordinary general meeting of shareholders of 2020 was held, in which the *Resolution on repurchase and cancellation of some restricted stocks* was approved. The Company repurchased and cancelled all or part of the restricted stocks held by unqualified incentive objects in 2020 restricted stock incentive plan, totaling of 104,000 shares.
- (2) On June 8, 2021, the Company held the 18th interim meeting of the 6th board of directors and the 16th interim meeting of the 6th board of supervisors respectively, in which *Proposal on adjusting the repurchase price of 2020 restricted stock incentive plan*, *Proposal on repurchase and cancellation of some restricted stocks* and *Proposal on the achievement of unlocking conditions of the first vesting period of the restricted stock incentive plan in 2020* were approved. The listing date of the restricted shares was June 18, 2021. The number of shareholders meeting the unlocking condition was 883. A total of 4.59615 million shares were released.
- (3) On June 24, 2021, the second extraordinary general meeting of shareholders in 2021 was held, in which *Proposal on repurchase and cancellation of some restricted shares* was approved. The Company repurchased and cancelled 229,450 restricted shares held by unqualified incentive objects in the 2020 restricted stock incentive plan.
- (4) On November 16, 2021, the fourth extraordinary general meeting of shareholders in 2021 was held, in which *Proposal on repurchase and cancellation of some restricted shares* was approved. The Company repurchased and cancelled 113,750 restricted shares held by unqualified incentive objects in the 2020 restricted stock incentive plan.
- (5) On May 9, 2022, the Company held the 4th interim meeting of the 7th board of directors and the 4th interim meeting of the 7th board of supervisors respectively, in which *Proposal on adjusting the repurchase price of 2020 restricted stock incentive plan*, *Proposal on repurchase and cancellation of some restricted stocks* and *Proposal on the achievement of unlocking conditions of the second vesting period of the restricted stock incentive plan in 2020* were approved. The listing date of the restricted shares was May 19, 2022. The number of shareholders meeting the unlocking condition was 844. A total of 4.4343 million shares were released.
- (6) On May 25, 2022, the second extraordinary general meeting of shareholders in 2022 was held, in which *Proposal on repurchase and cancellation of some restricted shares* was approved. The Company repurchased and cancelled 268,450 restricted shares held by unqualified incentive objects in the 2020 restricted stock

incentive plan.

2. In 2022, the Company launched the 2022 restricted stock incentive plan and stock appreciation right incentive plan, granting 17.585 million restricted shares to 1,366 incentive objects and 485,000 stock appreciation rights to 41 incentive objects. The granting date of this equity incentive plan is May 31, 2022. The granting price of restricted shares and stock appreciation rights is 10 yuan/share. The listing date of the restricted shares is June 30, 2022.

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 any of its subsidiaries should be categorized as a critical pollutant enterprise defined by National Environmental Protection Department

√ Yes □ No

Name of Company or subsidiary	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	COD	Nanotube	1	North	$\leq 500\text{mg/L}$	The limitation of COD in GB8978-1996 <i>Integrated Wastewater Emission Standard</i> is 500mg / L	22.27 T	61.867 T /year	Not exceeded
Zhejiang Sanhua Intelligent Controls Co., Ltd	Ammonia Nitrogen	Nanotube	1	North	$\leq 35\text{mg/L}$	The limitation listed in DB33/887-2013 <i>Indirect Emission Limits of Nitrogen and Phosphorus Pollutants from Industrial Wastewater</i> is 35mg / L	2.23 T	6.186 T /year	Not exceeded
Zhejiang	SO2	Direct	1	North	$\leq 50\text{mg/m}^3$	The	0.42 T	2.15 T /year	Not

Sanhua Intelligent Controls Co., Ltd		emission				limitation listed in GB13271-2014 Emission Standard of Air Pollutants for Boilers is 50mg/m ³			exceeded
Zhejiang Sanhua Intelligent Controls Co., Ltd	Nitrogen Oxide	Direct emission	1	North	$\leq 50\text{mg}/\text{m}^3$	According to the low Nitrogen emission requirements of local government, the limit value of gas-fired boiler is 50mg / m ³	1.94 T	10.06 T /year	Not exceeded
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	COD	Nanotube	1	South	$\leq 500\text{mg}/\text{l}$	The limitation from GB8979-1996 is 500mg / L	4.692 T	9.205 T /year	Not exceeded
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	Total Copper	Nanotube	1	South	$\leq 2.0\text{mg}/\text{l}$	The limitation from GB8979-1996 is 2.0mg/l	0.066 T	/	Not exceeded

Construction and operation of pollution control facilities

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

1. In terms of waste water treatment, the Company responded to the construction of "five water treatment", "eliminating inferior V-type water" and "zero direct discharge of sewage" in the whole province. The Company renovated the rainwater and sewage outlets in the factory area, implemented the separation of rainwater and sewage, and installed cut-off valves and video monitoring equipment at the Company's rainwater discharge outlets, and collected and treated the early rainwater. There are two wastewater treatment stations in the factory. The sewage treatment stations have been equipped with standardized sewage outlets and set up discharge outlet signs. Online monitoring device, solenoid valve flowmeter and card swiping sewage system are installed at the discharge outlet, which has been connected with the environmental protection department. The monitoring indicators include pH, COD, total copper, total zinc, total chromium, total nickel and flow. Wastewater treatment: The Company has entrusted a third-party professional treatment unit for treatment. The discharge indicators of the Company's internal control wastewater are stricter than the environmental discharge standard. The final treated wastewater is discharged into the sewage collection pipe network of the industrial zone and sent to Shengxin sewage treatment plant for retreatment.
2. Waste gas treatment: The Company has acid pickling, electroplating waste gas, welding dust, ultrasonic cleaning 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 were implemented. At the same time, in order to reduce generation of VOCs, aqueous cleaning is used to replace organic solvent cleaning.
3. Solid waste and soil (groundwater) treatment: 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. The Company also tests the soil and groundwater every year and publishes them on the corresponding website. In March 2020, Sanhua Refrigeration Group carried out a special site investigation on soil and groundwater in Xialiquan plant area, and prepared an investigation report. No pollution was found. In July 2020, the Company became one of the first "waste free factories" in Shaoxing City.
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.

Environmental Impact Assessment (EIA) of construction projects and other administrative permits for environmental protection

1. 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 August 2020, the Company obtained the national emission permit.

2. Zhejiang Sanhua Refrigeration Group Co., Ltd. has invested in Xialiquan of Xinchang County since 2013, and has obtained 6 EIA permits. All the projects have passed.

Emergency Response Plan

1. The Company re-write Emergency Response Plan in April 2021, and filed with Xinchang Environmental Protection Bureau on June 10, 2021 (Record No. 330624-2021-06-M).

2. In order to manage environmental emergencies and reduce the environmental hazards caused by sudden environmental pollution accidents, Zhejiang Sanhua Refrigeration Group Co., Ltd. re-compiled *Emergency Response Plan for Environmental Pollution Accidents of Zhejiang Sanhua Refrigeration Group Co., Ltd. (simplified version)* in October 2018, which was filed with Xinchang County Environmental Protection Bureau on October 29, 2018 (Record No. 3306242018013).

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. The monitoring results are published regularly on the enterprise self-monitoring information disclosure platform of Zhejiang Province.

Zhejiang Sanhua Refrigeration Group Co., Ltd. has good pollutant emission monitoring and management ability, and can timely inform the environmental protection administrative department and the public of the monitoring information. According to the actual production situation and the actual needs of environmental management, the environmental protection laboratory of wastewater treatment station is set up, and the detection is carried out by specially assigned person daily. On line automatic monitoring equipment such as pH, COD, TOC, total copper and flow rate are installed at the total wastewater discharge outlet of the Company. The combination of automatic monitoring and manual testing effectively ensures the timeliness and effectiveness of monitoring. At the same time, a third-party testing Company is entrusted to carry out regular monitoring. 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

1. The Company is committed to developing a series of low-carbon products, continuously improving the energy efficiency level for the thermal management applications in the fields of refrigeration, air conditioning appliances and automobiles, reducing energy consumption and contributing to the emission reduction of the industry.
2. 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.
3. The industrial zone uses distributed photovoltaic to replace the original purchased electricity in a large area to achieve clean energy, and adopts waste heat recovery technology to achieve lower energy consumption and higher resource utilization efficiency.
4. The Company improves and 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.

Other environmental information

Not applicable

II. Social Responsibility

No

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	Giver of commitments	Nature	Details of commitments	Date of commitments	Term of commitments	Performance
Commitments of share reform	Zhang Yabo, controlling shareholder Sanhua Holding Group Co., Ltd.	Other commitment	When the number of shares sold through listing and trading in Shenzhen Stock Exchange reaches 1% of the total number of shares of the Company, it shall make an announcement within two working days from the date of the occurrence of the fact.	November 21, 2005	Long term	Strict performance
Commitments made during asset restructuring	Zhang Daocai, controlling shareholder Sanhua Holding Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	Zhang Daocai and Sanhua holding group, the controlling shareholder of the Company, promise that there will not be any competition with Sanhua intelligent controls in the business scope being or already carried out in the future.	January 5, 2009	Long term	Strict performance
	Zhang Daocai, controlling shareholder Sanhua Holding	Commitment on horizontal	Sanhua Holding Group promises: after the completion of this transaction, Sanhua Holding Group and Sanhua intelligent controls will sign an	January 5, 2009	Long term	Strict performance

	Group Co., Ltd.	competition, related party transactions and capital occupation	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, 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 Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	In order to avoid horizontal competition with Sanhua intelligent controls, Zhang Daocai, Zhang Yabo, Zhang Shaobo, Sanhua Holding Group the controlling shareholder of the Company, and Sanhua Lvneng Industry, the trading partner made the following commitments: 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	July 24, 2015	Long term	Strict performance

		<p>Intelligent Controls and its subordinate enterprises.</p> <p>2. If Sanhua Intelligent Controls further expands its business scope, I (or the Company) and other controlled enterprises will not compete with Sanhua Intelligent Controls' expanded business; if it is possible to compete with Sanhua Intelligent Controls' business after expansion, I (or the Company) and other controlled enterprises will withdraw from Sanhua Intelligent Controls in the following ways of competition: A. Stop the businesses that compete or may compete with Sanhua Intelligent Controls; B. Inject the competitive business into Sanhua Intelligent Controls; C. Transfer the competitive business to an unrelated third party.</p> <p>3. If I (or the Company) and other enterprises controlled by me (or the Company) have any business opportunities to engage in and participate in any activities that may compete with Sanhua Intelligent Controls' business operation, they shall immediately inform Sanhua Intelligent Controls of the above business opportunities. If Sanhua Intelligent Controls makes an affirmative reply to take advantage of the business opportunity within a reasonable period specified in the notice, it shall do its best to give the business opportunity to Sanhua Intelligent Controls.</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.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	<p>In order to standardize the related party transactions with Sanhua Intelligent Controls, Zhang Daocai, Zhang Yabo, Zhang Shaobo, Sanhua Holding Group the controlling shareholder of the Company and Sanhua Lvneng Industrial the trading partner made the following commitments:</p> <p>1. I (or the Company) and the controlled enterprises will reduce the related party transactions with Sanhua intelligent controls as far as possible, and will not use their own status as shareholders of Sanhua intelligent controls to seek for superior rights in terms of business cooperation and other aspects compared with other third parties;</p> <p>2. I (or the Company) will not take advantage of the right to enter into a transaction with Sanhua intellectual controls using the position as a shareholder.</p> <p>3. If there are necessary and unavoidable related party transactions, I (or the Company) and the controlled enterprises will sign agreements with Sanhua intelligent controls in accordance with the principles of fairness, follow legal</p>	July 24, 2015	Long term	Strict performance

			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 shareholders.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd.	Other Commitment	Zhang Daocai, Zhang Yabo, Zhang Shaobo and Sanhua holding Group, the controlling shareholder of the Company, made the following commitments: after the completion of the transaction, Sanhua intelligent controls will continue to improve the corporate governance structure and independent operation of the Company management system in accordance with the requirements of relevant laws and regulations and the articles of Association, and continue to maintain the independence of Sanhua intelligent controls in business, assets, finance, institutions, personnel, etc. to protect the interests of all shareholders.	July 24, 2015	Long term	Strict performance
	Zhang Daocai, Zhang Yabo,	Commitment	1. I (or the Company) and the controlled enterprises will	September 18,	Long term	Strict

	Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	on horizontal competition, related party transactions and capital occupation	<p>reduce the related party transactions with Sanhua intelligent controls as far as possible, and will not use the position as a shareholder of Sanhua intelligent 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 intelligent controls to seek for the priority right to cooperate with Sanhua intelligent controls;</p> <p>3. If there are necessary and unavoidable related party transactions, I (or the Company) and the controlled enterprises will sign agreements with Sanhua intelligent controls in accordance with the principles of fairness, follow legal procedures, and perform the information disclosure obligations in accordance with the requirements of relevant laws, regulatory documents and the articles of association. It 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</p>	2017		performance
--	---	--	---	------	--	-------------

			Sanhua intelligent controls and other shareholders.			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Commitment on horizontal competition, related party transactions and capital occupation	<p>1. I (or the Company) will not directly or indirectly engage in or participate in any business that may constitute potential direct or indirect competition with Sanhua intelligent controls and its subordinate enterprises; guaranteed that legal and effective measures will be taken to urge other enterprises controlled by me (or the Company) not to engage in or participate in any business that is competitive with Sanhua intelligent controls and its subordinate enterprises business.</p> <p>2. If Sanhua intelligent controls further expands its business scope, I (or the Company) and other enterprises controlled by me (or the Company) will not compete with Sanhua intelligent controls' expanded business; if it is possible to compete with Sanhua intelligent controls' business after expansion, I (or the Company) and other enterprises controlled by me (or the Company) will withdraw from Sanhua intelligent controls in the following ways of competition: A. stop the businesses that compete or may compete with Sanhua intelligent controls; B. inject the competitive business into Sanhua intelligent controls; C. transfer the competitive business to an unrelated third party.</p> <p>3. If I (or the Company) and</p>	September 18, 2017	Long term	Strict performance

			<p>other enterprises controlled by me (or the Company) have any business opportunities to engage in and participate in any activities that may compete with Sanhua intelligent controls' business operation, they shall immediately inform Sanhua intelligent controls of the above business opportunities. If Sanhua intelligent controls makes an affirmative reply to take advantage of the business opportunity within a reasonable period specified in the notice, it shall do its best to give the business opportunity to Sanhua intelligent controls.</p> <p>4. In case of breach of the above commitment, I (or the Company) is willing to bear all responsibilities arising therefrom and fully compensate all direct or indirect losses caused to Sanhua intelligent controls.</p>			
	Zhang Daocai, Zhang Yabo, Zhang Shaobo, controlling shareholder Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Lvneng Industrial Group Co., Ltd.	Other commitment	After the completion of the transaction, the listed Company will continue to improve the corporate governance structure and independent operation of the Company management system in accordance with the requirements of relevant laws and regulations and the articles of association, continue to maintain the independence of the listed Company in business, assets, finance, institutions, personnel and other aspects, and effectively protect the interests of all shareholders.	September 18, 2017	Long term	Strict performance
Commitments	Zhang Daocai,	Comm	The commitment made at the	June 7, 2005	Long term	Strict

made during initial public offering or refinancing	controlling shareholder Sanhua Holding Group Co., Ltd.	commitment on horizontal competition, related party transactions and capital occupation	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.			performance
Are the commitments fulfilled on time	Yes					

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 Their Execution

1. Matters on trusteeship, contracting, and leasing

(1) Trusteeship

Applicable Not applicable

No such case in the reporting period.

(2) Contracting

Applicable Not applicable

No such case in the reporting period.

(3) Leasing

Applicable Not applicable

Illustration of lease

For details, please refer to the description of right of use assets and lease liabilities in the notes to the items of the consolidated financial statements in section X of the financial report.

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

Applicable Not applicable

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

the Company.

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.	April 3, 2019	132,000	July 5, 2019	10,512.6	Joint liability guarantee			2019.07.05-2022.06.20	Yes	Yes
SANHUA INTERNATIONAL, INC.	April 3, 2019	30,000	December 9, 2019	20,805.34	Joint liability guarantee			2019.12.09-2022.12.09	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE.	April 29, 2020	150,000	June 12, 2020	7,500	Joint liability guarantee			2020.06.12-2022.12.25	No	Yes

LTD.										
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	April 29, 2020	150,000	February 10, 2021	9,110.92	Joint liability guarantee			2021.02.10-2022.02.10	Yes	Yes
SANHUA INTERNATIONAL, INC.	March 27, 2021	50,000	June 24, 2021	10,067.1	Joint liability guarantee			2021.06.24-2022.06.16	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 27, 2021	180,000	September 14, 2021	7,008.4	Joint liability guarantee			2021.09.14-2022.08.30	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 27, 2021	180,000	October 25, 2021	6,711.4	Joint liability guarantee			2021.10.25-2022.01.25	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	October 26, 2021	180,000	November 2, 2021	7,008.4	Joint liability guarantee			2021.11.02-2022.04.22	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	October 26, 2021	180,000	November 23, 2021	6,711.4	Joint liability guarantee			2021.11.23-2022.02.22	Yes	Yes
SANHUA INTER	October 26, 2021	180,000	November 24, 2021	6,711.4	Joint liability guarantee			2021.11.24-2022.02.24	Yes	Yes

NATIONAL SINGAPORE PTE. LTD.					e					
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	October 26, 2021	180,000	January 26, 2022	6,711.4	Joint liability guarantee			2022.01.26-2022.11.24	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	October 26, 2021	180,000	February 11, 2022	9,110.92	Joint liability guarantee			2022.02.11-2023.02.10	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	October 26, 2021	180,000	February 25, 2022	6,711.4	Joint liability guarantee			2022.02.25-2022.11.24	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 25, 2022	230,000	April 23, 2022	6,711.4	Joint liability guarantee			2022.04.23-2022.05.06	Yes	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 25, 2022	230,000	April 23, 2022	7,008.4	Joint liability guarantee			2022.04.23-2022.05.06	Yes	Yes
SANHUA INTERNATIONAL	March 25, 2022	230,000	May 10, 2022	7,008.4	Joint liability guarantee			2022.05.10-2022.11.10	No	Yes

NAL SINGAPORE PTE. LTD.										
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 25, 2022	230,000	May 10, 2022	3,504.2	Joint liability guarantee			2022.05.10-2023.05.10	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 25, 2022	230,000	May 23, 2022	1,342.28	Joint liability guarantee			2022.05.23-2023.05.23	No	Yes
SANHUA INTERNATIONAL SINGAPORE PTE. LTD.	March 25, 2022	230,000	May 23, 2022	5,369.12	Joint liability guarantee			2022.05.23-2023.05.23	No	Yes
SANHUA INTERNATIONAL, INC.	March 25, 2022	50,000	June 17, 2022	10,067.1	Joint liability guarantee			2022.06.17-2023.06.09	No	Yes
Sanhua AWECO Electrical Equipment (Wuhu) Co., Ltd	March 25, 2022	5,000	April 1, 2022	3,816.17	Joint liability guarantee			2022.04.01-2023.04.01	No	Yes
Total Amount of Guarantees to Subsidiaries Approved during the Reporting Period (B1)			328,000		Total Amount of Guarantees to Subsidiaries Actually Occurred during the Reporting Period (B2)					67,360.79
Total Amount of			328,000		Total Balance of					88,954.73

Guarantees to Subsidiaries Approved by the End of the Reporting Period (B3)				Guarantees Actually Paid to Subsidiaries at the End of the Reporting Period (B4)						
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
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)			328,000	Total Amount of Guarantees Actually Occurred during the Reporting Period (A2+B2+C2)						67,360.79
Total Amount of Guarantees Approved by the End of the Reporting Period (A3+B3+C3)			328,000	Total Balance of Guarantees Actually Paid at the End of the Reporting Period (A4+B4+C4)						88,954.73
Total Amount of (A4+B4+C4) as a Percentage of the Company's Net Assets	Actual Guarantees		Percentage of the							7.62%
Of which:										
Balance of Debt Guarantees Directly or Indirectly Offered to Guaranteed Objects with Asset-liability Ratio Exceeding 70% (E)										30,872.44
Total Amount of the Above Three Guarantees (D+E+F)										30,872.44

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

Bank financial products	The Company's self-owned funds	13,824	10,000		
Total		13,824	10,000		

Specific situation of high-risk entrusted financial management with large single amount or low security, poor liquidity and without guarantee of principal

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)
China Construction Bank Xinchang sub branch	Bank	China Construction Bank Zhejiang Branch customized corporation structured deposit 2021- 303	10,000	Self-owned funds	July 2, 2021	June 30, 2022	Other	Floating income with guarantee of principal	3.80%		313.7	313.70		Yes	Yes	
BNP Paribas (China) Co., Ltd. Shanghai Branch	Bank	RMB structured deposits due in 12 months and linked	5,000	Self-owned funds	June 16, 2022	June 13, 2023	Other	Floating income with guarantee of principal						Yes	Yes	

		to a basket of customized indices						1								
JPMorgan Chase Bank (China) Co., Ltd. Shanghai Branch	Bank	JPMorgan XRP index 100% Principal Guaranteed structured deposits	5,000	Self-owned funds	June 27, 2022	June 27, 2023	Other	Floating income with guarantee of principal							Yes	Yes
Total			20,000 ^[1]	--	--	--	--	--	--	0	313.7	--		--	--	--

Note: [1] The above mentioned are the details of the Company's single significant financial management (single amount is more than RMB 50 million)

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

XIV. Significant events of the Company's subsidiaries

Applicable Not applicable

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Share

	Before the change		Changes in the period (+, -)					After the change	
	Shares	Ratio	New Shares Issued	Bonus share	Share transferred from capital reserve	Others	Sub-total	Shares	Ratio
1. Shares subject to conditional restriction(s)	50,350,161	1.40%				13,184,630	13,184,630	63,534,791	1.77%
1) Shares held by the states									
2) Shares held by State-owned corporate									
3) Other domestic shares	50,072,611	1.39%				13,230,080	13,230,080	63,302,691	1.76%
Of which: Shares held by domestic legal person									
Shares held by domestic natural person	50,072,611	1.39%				13,230,080	13,230,080	63,302,691	1.76%
4) Shares held by overseas investors	277,550	0.01%				-45,450	-45,450	232,100	0.01%
Of which: Shares held by overseas legal person									
Shares held by overseas natural person	277,550	0.01%				-45,450	-45,450	232,100	0.01%
2. Shares without restriction	3,540,901,127	98.60%				-13,332,184	-13,332,184	3,527,568,943	98.23%
1) RMB common shares	3,540,901,127	98.60%				-13,332,184	-13,332,184	3,527,568,943	98.23%
2) Domestically listed foreign shares									
3) Foreign shares listed overseas									
4) Others									

3. Total	3,591,251,288	100.00%				-147,554	-147,554	3,591,103,734	100.00%
----------	---------------	---------	--	--	--	----------	----------	---------------	---------

Reason for the changes in share capital

Applicable Not applicable

- 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.
- The Company repurchased and canceled all or part of the restricted shares held by unqualified incentive objects, totaling 161,070 shares. After the repurchase and cancellation, the total number of shares of the Company was reduced from 3,591,226,678 to 3,591,065,608.
- May 19, 2022, the second vesting period of the 2020 restricted stock incentive plan matured, and 4.4343 million restricted shares of 844 incentive objects who meet the unlocking conditions were listed for circulation.
- The Company's 2022 restricted stock incentive plan granted 17.585 million restricted shares to 1,366 incentive objects. These shares came from the repurchase account of the Company.
- From January 1, 2022 to June 30, 2022, the "Sanhua convertible bonds" decreased by RMB 291,500 (2,915 pieces) due to share conversion, and the number of shares converted was 13,516.

Approval for changes in share capital

Applicable Not applicable

- The fourth extraordinary general meeting of shareholders in 2021 was held on November 16, 2021, in which *The Proposal on Repurchase and Cancellation of Some Restricted Shares* was deliberated and approved. The Company repurchased and cancelled a total of 161,070 restricted shares held, but not yet unlocked, by unqualified incentive objects.
- May 9, 2022, the 4th interim meeting of the seventh board of directors and the 4th interim meeting of the seventh board of supervisors deliberated and approved *The Proposal on the Achievement of Unlocking Conditions of the Second Vesting Period for the 2020 Stock Incentive Plan*. There were 844 incentive objects who meet the conditions for unlocking, and the number of unlocked shares was 4.4343 million shares.
- According to the 2022 restricted stock incentive plan, the Company granted 17.585 million restricted shares to 1,366 incentive objects at a price of 10 yuan per share on May 31, 2022. The approval process is:
 - May 9, 2022, the 4th interim meeting of the seventh board of directors and the 4th interim meeting of the seventh board of supervisors of the Company deliberated and approved *The Proposal on the 2022 Restricted Stock Incentive Plan of Zhejiang Sanhua Intelligent Controls Co., Ltd. (Draft) and Its Abstract*, *The Proposal on the Assessment Management Measures for the 2022 Equity Incentive Plan of Zhejiang Sanhua Intelligent Controls Co., Ltd.*, and *Proposal on Submitting to the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the 2022 Equity Incentive Plan* and other relevant proposals. The independent directors of the Company expressed clear independent opinions on matters related to this incentive plan. The board of supervisors examined and verified the list of incentive objects of this incentive plan and issued verification opinions.

(2) May 20, 2022, the Company announced and disclosed *The Explanation and verification opinions of the board of supervisors on the publicity of the list of restricted stock incentive objects in 2022.*

(3) May 25, 2022, the second extraordinary general meeting of shareholders in 2022 deliberated and approved *The Proposal on the 2022 Restricted Stock Incentive Plan of Zhejiang Sanhua Intelligent Controls Co., Ltd. (Draft) and Its Abstract, The Proposal on the Assessment Management Measures for the 2022 Equity Incentive Plan of Zhejiang Sanhua Intelligent Controls Co., Ltd., and Proposal on Submitting to the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the 2022 Equity Incentive Plan.*

(4) May 31, 2022, the 5th interim meeting of the seventh board of directors and the 5th interim meeting of the seventh board of supervisors of the Company deliberated and approved *The Proposal on Adjusting Matters Related to the 2022 Restricted Stock Incentive Plan and The Proposal on Granting Restricted Shares to the Incentive Objects of the 2022 Restricted Stock Incentive Plan of the Company.* Independent directors have expressed independent opinions on the above adjustments and award. The board of supervisors examined and verified the relevant adjustments and the list of incentive objects granted with restricted shares.

Transfer of shares

Applicable Not applicable

1. The Company repurchased and cancelled 161,070 restricted shares held, but not yet unlocked, by unqualified incentive objects. After the repurchase and cancellation, the total share capital of the Company was reduced from 3,591,226,678 shares to 3,591,065,608 shares.

2. June 29, 2022, the Company granted 17.585 million restricted shares to 1,366 incentive objects and completed the transfer registration of restricted shares.

Information about the implementation of share repurchase

Applicable Not applicable

As of June 30, 2022, the number of shares repurchased by the Company through the special securities account for share repurchases through centralized bidding transactions is 12,415,964 shares, accounting for about 0.35% of the Company's current total share capital. The highest repurchase price is 27.31 yuan / share, the lowest repurchase price is 15.98 yuan / share, and the total transaction amount is RMB 274,580,332.49 (excluding transaction costs).

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

Applicable 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

disclose

□ Applicable √ Not applicable

2. Changes in restricted shares

√ Applicable □ Not applicable

Unit: Share

Name of shareholder	Opening balance of restricted shares	Vested in current period	Increased in current period	Closing balance of restricted shares	Note for restricted shares	Date of unlocking
Zhang Yabo	39,023,400		0	39,023,400	According to the relevant provisions of shares management for senior executives	According to the relevant provisions of shares management for senior executives
Wang Dayong	192,562		80,000	272,562	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
Ni Xiaoming	192,562		70,000	262,562	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
Chen Yuzhong	192,562		80,000	272,562	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	192,562		80,000	272,562	According to the relevant provisions of shares management for senior executives	According to the relevant provisions of shares management for senior executives

					+ equity incentive	+ equity incentive
Yu Yingkui	216,042		80,000	296,042	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	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	8,325	According to the relevant provisions of shares management for senior executives	According to the relevant provisions of shares management for senior executives
Other incentive objects	10,321,220	4,400,370	17,195,000	23,115,850	According to the relevant provisions of shares management for equity incentive	According to the relevant provisions of shares management for equity incentive
Total	50,350,161	4,400,370	17,585,000	63,534,791	--	--

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	60,603	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			

Name of shareholder	Nature of shareholder	Share-holding 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	29.31%	1,052,451,233	-4,794,516	0	1,052,451,233	Pledged	285,913,653
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	Domestic non-state-owned corporation	20.68%	742,747,954	0	0	742,747,954		
Hong Kong Central Clearing Limited	Overseas corporation	20.36%	731,059,926	-83,537,528	0	731,059,926		
Zhang Yabo	Domestic Individual	1.45%	52,031,200	0	39,023,400	13,007,800		
Abu Dhabi Investment Authority	Overseas corporation	0.71%	25,546,544	1,382,984	0	25,546,544		
Industrial and Commercial Bank of China Limited - Huitianfu CSI New Energy Automobile Industry Index Sponsored Securities Investment Fund (LOF)	Others	0.39%	14,173,455	14,173,455	0	14,173,455		
China	Others	0.38%	13,606,759	13,606,759	0	13,606,759		

Construction Bank Corporation - Guangfa Technology Innovation Hybrid Securities Investment Fund								
Bank of China Limited - Cathay Pacific Jiangyuan Advantage Selection Flexible Allocation Hybrid Securities Investment Fund	Others	0.37%	13,180,547	13,180,547	0	13,180,547		
Oriental Trading Co., Ltd	Overseas corporation	0.36%	13,096,245	13,096,245	0	13,096,245		
Chen Jun	Domestic Individual	0.36%	12,900,000	12,900,000	0	12,900,000		
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> .							
Particulars about Shares Held by Top Ten Common Shareholders Holding Shares That Are Not Subject to Trading Restrictions								
Name of Shareholder	Number of Common Shares Held without Restrictions at the End of the Reporting Period					Type of shares		
						Type	Amount	

Sanhua Holding Group Co., Ltd.	1,052,451,233	RMB common stock	1,052,451,233
Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	742,747,954	RMB common stock	742,747,954
Hong Kong Central Clearing Limited	731,059,926	RMB common stock	731,059,926
Abu Dhabi Investment Authority	25,546,544	RMB common stock	25,546,544
Industrial and Commercial Bank of China Limited - Huitianfu CSI New Energy Automobile Industry Index Sponsored Securities Investment Fund (LOF)	14,173,455	RMB common stock	14,173,455
China Construction Bank Corporation - Guangfa Technology Innovation Hybrid Securities Investment Fund	13,606,759	RMB common stock	13,606,759
Bank of China Limited - Cathay Pacific Jianguan Advantage Selection Flexible Allocation Hybrid Securities Investment Fund	13,180,547	RMB common stock	13,180,547
Oriental Trading Co., Ltd	13,096,245	RMB common stock	13,096,245
Zhang Yabo	13,007,800	RMB common stock	13,007,800
Chen Jun	12,900,000	RMB common stock	12,900,000
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)	No		

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	Shares held at the beginning of the current reporting period (shares)	Shares increased during the current reporting period (shares)	Shares decreased during the current reporting period (shares)	Shares held at the end of the current reporting period (Shares)	Number of restricted stocks held at the beginning of the current reporting period (shares)	Number of restricted stocks granted in the current reporting period (shares)	Number of restricted stocks held at the end of the current reporting period (shares)
Wang Dayong	Director, General Manager	Incumbent	256,750	80,000	0	336,750	91,000	80,000	132,000
Ni Xiaoming	Director	Incumbent	256,750	70,000	0	326,750	91,000	70,000	122,000
Chen Yuzhong	Director, Chief Engineer	Incumbent	256,750	80,000	0	336,750	91,000	80,000	132,000
Hu Kaicheng	Secretary of the board of directors	Incumbent	256,750	80,000	0	336,750	91,000	80,000	132,000
Yu Yingkui	Chief Financial Officer	Incumbent	288,057	80,000	0	368,057	91,000	80,000	132,000
Total	--	--	1,315,057	390,000	0	1,705,057	455,000	390,000	650,000

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

I. Enterprise bond (hereinafter referred to as the bond issued by domestic state-owned entity)

Applicable Not applicable

II. Corporate bond

Applicable Not applicable

III. Debt financing instruments of non-financial enterprises

Applicable Not applicable

IV. Convertible bond

Applicable Not applicable

1. Previous Adjustments of Stock Conversion Price

Applicable Not applicable

May 11, 2022, the Company completed the 2021 annual equity distribution plan. According to the relevant provisions on the price adjustment of convertible bonds, the conversion price of "Sanhua convertible bonds" was adjusted from 21.55 yuan / share to 21.40 yuan / share. The adjusted conversion price took effect since May 11, 2022.

2. Share Conversions (Accumulative)

Applicable Not applicable

Convertible bond abbreviation	Start and end date of share conversion	Total issuance (piece)	Total issuance amount	Cumulative amount of share conversion (yuan)	Cumulative number of shares transferred (shares)	Proportion of the number of converted shares to the total share capital of the Company before the date of conversion	Amount of shares not yet converted (yuan)	Proportion of the amount of non-converted shares to the total amount of issuance
Sanhua Convertible	December 7, 2021-May	30,000,000	3,000,000,000.00	823,600.00	38,126	0.00%	2,999,176,400.00	99.97%

Bond	31, 2027							
------	----------	--	--	--	--	--	--	--

3. Top 10 Holders of the Convertible Bond

Unit: share

	Name of convertible bond holder	Nature of convertible bond holders	Number of convertible bonds held at the end of the reporting period (share)	Amount of convertible bonds held at the end of the reporting period (yuan)	Proportion of convertible bonds held at the end of the reporting period
1	Sanhua Holding Group Co., Ltd.	Domestic non-state-owned corporation	8,854,432	885,443,200.00	29.52%
2	Zhejiang Sanhua Lvneng Industrial Group Co., Ltd	Domestic non-state-owned corporation	6,220,514	622,051,400.00	20.74%
3	Industrial and Commercial Bank of China Limited - Boshi Credit Bond Investment Fund	Others	800,055	80,005,500.00	2.67%
4	Shanghai Alluvial Asset Management Center (limited partnership) - Alluvial Selects China's Advantageous Industry No. 1 Private Securities Investment Fund	Others	687,741	68,774,100.00	2.29%
5	China Construction Bank Corporation - Guangfa Technology Innovation Hybrid Securities Investment Fund	Others	500,429	50,042,900.00	1.67%
6	Shanghai Alluvial Asset Management Center (limited partnership) - Alluvial Positive Growth No. 1 Private Securities Investment Fund	Others	491,088	49,108,800.00	1.64%
7	Kunlun Health Insurance Co., Ltd. - Traditional Insurance Product 1	Others	489,988	48,998,800.00	1.63%
8	Fuguo Fuyi Progressive Fixed Income Pension Product Industrial and Commercial Bank of China Limited	Others	360,675	36,067,500.00	1.20%
9	Industrial and Commercial Bank of China Limited - Huitianfu Convertible Bond, Bond	Others	313,553	31,355,300.00	1.05%

	Securities Investment Fund				
10	Shanghai Alluvial Asset Management Center (limited partnership) - Alluvial Growth Optimization No. 6 Private Securities Investment Fund	Others	281,127	28,112,700.00	0.94%

4. The Profitability, Asset and Credit Status of the Guarantor Have Changed Significantly

Applicable Not applicable

V. The loss within the scope of consolidated statements in the reporting period exceeded 10% of the net assets at the end of the previous year

Applicable Not applicable

VI. Main accounting data and financial indicators of the Company in recent two years by the end of the reporting period

Unit: RMB in 10 thousand

Item	At the end of the reporting period	At the end of last year	YoY Change (%)
Current ratio	2.01	1.98	1.52%
Asset liability ratio	53.58%	52.36%	1.22%
Quick ratio	1.56	1.55	0.65%
	Current Reporting Period	Corresponding Period of Last Year	YoY Change (%)
Net profit after deducting non-recurring profit and loss	103,004.75	71,977.17	43.11%
EBITDA total debt ratio	18.69%	18.39%	0.30%
Time interest earned ratio	12.12	26.05	-53.47%
Cash interest guarantee times	19.4	33.01	-41.23%
EBITDA Time interest earned ratio	14.49	31.93	-54.62%
Repayment of debt (%)	100.00%	100.00%	
Payment of interest (%)	100.00%	100.00%	

Section X Financial Report

I. Audit Report

Whether the semi-annual report is audited

Yes No

The Company's 2022 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, 2022

Unit: RMB

Items	June 30, 2022	January 1, 2022
Current asset:		
Cash and Bank Balances	6,178,842,175.63	6,707,721,861.13
Settlement funds		
Loans to other banks		
Held-for-trading financial assets	100,000,000.00	109,383,374.74
Derivative financial assets	10,209,820.19	54,640,365.03
Notes receivable	1,978,234,601.55	2,144,193,032.32
Accounts receivable	4,834,233,841.80	3,516,292,868.39
Receivable financing		
Advances paid	126,009,532.63	93,884,245.02
Premium receivable		
Reinsurance accounts receivable		
Reinsurance reserves receivable		
Other receivables	147,817,352.70	121,135,343.85
Including: Interest receivable		
Dividends receivable		
Repurchasing of financial assets		
Inventories	3,904,043,815.42	3,637,853,809.47

Contract assets		
Assets held for sales		
Non-current assets due within one year		
Other current assets	129,255,293.17	185,985,696.06
Total current assets	17,408,646,433.09	16,571,090,596.01
Non-current assets:		
Loans and advances paid		
Debt investments		
Other debt investments		
Long-term receivable	3,425,966.00	3,608,561.00
Long-term equity investments	28,756,781.35	22,680,930.51
Other equity instrument investments		
Other non-current financial assets		
Investment property	7,966,521.52	8,531,303.62
Fixed assets	4,460,422,484.12	4,232,706,801.07
Construction in progress	1,894,708,897.71	1,343,528,875.40
Productive biological assets		
Oil & gas assets		
Right-of-use assets	220,803,340.44	215,324,024.26
Intangible assets	717,365,972.36	696,390,544.36
Development expenditures		
Goodwill	7,591,830.61	7,591,830.61
Long-term prepayments	40,989,733.87	36,640,828.07
Deferred tax assets	165,824,399.52	153,262,506.84
Other non-current assets	455,241,032.92	328,609,958.16
Total non-current assets	8,003,096,960.42	7,048,876,163.90
Total assets	25,411,743,393.51	23,619,966,759.91
Current liabilities:		
Short-term borrowings	1,105,569,060.98	738,190,910.54
Central bank loans		
Loans from other banks		
Held-for-trading financial liabilities		

Derivative financial liabilities	70,095,922.94	
Notes payable	2,443,829,960.15	1,891,526,333.48
Accounts payable	3,246,452,742.77	3,214,698,131.59
Advances received		
Contract liabilities	93,619,937.21	79,816,249.22
Selling of repurchased financial assets		
Absorbing deposit and interbank deposit		
Deposit for agency security transaction		
Deposit for agency security underwriting		
Employee benefits payable	279,553,332.67	371,773,987.76
Taxes and rates payable	163,250,633.85	113,404,466.20
Other payables	320,786,812.27	172,923,251.10
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	914,868,890.32	1,763,342,887.58
Other current liabilities	8,069,213.68	5,276,677.78
Total current liabilities	8,646,096,506.84	8,350,952,895.25
Non-current liabilities:		
Insurance policy reserve		
Long-term borrowings	1,642,149,417.78	801,461,958.89
Bonds payable	2,710,338,901.46	2,652,035,619.50
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	146,707,369.82	157,981,678.16
Long-term payables	4,799,239.86	
Long-term employee benefits		

payable		
Provisions		
Deferred income	184,244,624.86	156,831,834.71
Deferred tax liabilities	209,741,997.43	172,910,149.31
Other non-current liabilities	72,716,934.36	75,202,015.36
Total non-current liabilities	4,970,698,485.57	4,016,423,255.93
Total liabilities	13,616,794,992.41	12,367,376,151.18
Equity:		
Share capital	3,591,103,734.00	3,591,090,218.00
Other equity instruments	409,644,784.03	409,684,602.93
Including: Preferred shares		
Perpetual bonds		
Capital reserve	279,805,819.87	373,419,775.02
Less: Treasury shares	342,578,665.17	411,949,612.90
Other comprehensive income	-42,283,962.44	-129,410,847.39
Special reserve		
Surplus reserve	701,784,529.70	701,784,529.70
General risk reserve		
Undistributed profit	7,083,541,904.10	6,615,689,606.07
Total equity attributable to the parent Company	11,681,018,144.09	11,150,308,271.43
Non-controlling interest	113,930,257.01	102,282,337.30
Total equity	11,794,948,401.10	11,252,590,608.73
Total liabilities & equity	25,411,743,393.51	23,619,966,759.91

Legal representative: Zhang Yabo Officer in charge of accounting: Yu Yingkui Head of accounting department: Sheng Xiaofeng

2. Parent Company Balance Sheet

Unit: RMB

Items	June 30, 2022	January 1, 2022
Current assets:		
Cash and bank balances	3,640,547,872.62	3,392,202,314.60
Held-for-trading financial assets	100,000,000.00	101,020,675.59
Derivative financial assets	326,424.94	794,800.00
Notes receivable	1,149,271,421.83	1,081,856,992.97

Accounts receivable	941,113,600.82	575,659,433.91
Receivables financing		
Advances paid	9,623,222.74	10,590,428.30
Other receivables	450,068,047.00	389,775,386.82
Including: Interest Receivable		
Dividends Receivable		19,000,000.00
Inventories	587,749,061.53	731,722,817.30
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	6,878,699,651.48	6,283,622,849.49
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivable		
Long-term equity investments	6,955,276,814.16	6,428,786,880.28
Other equity instrument investments		
Other non-current financial assets		
Investment property		
Fixed assets	1,518,758,152.24	1,526,603,446.11
Construction in progress	78,176,377.74	73,592,261.61
Productive biological assets		
Oil & gas assets		
Right-of-use assets		
Intangible assets	150,741,453.62	153,726,187.34
Development expenditures		
Goodwill		
Long-term prepayments	2,210,872.98	2,526,712.00
Deferred tax assets	29,460,569.25	27,736,717.51
Other non-current assets	39,106,267.56	42,826,333.80
Total non-current assets	8,773,730,507.55	8,255,798,538.65
Total assets	15,652,430,159.03	14,539,421,388.14
Current liabilities:		

Short-term borrowings	100,024,833.33	
Held-for-trading financial liabilities		
Derivative financial liabilities	6,508,150.00	
Notes payable	711,439,915.76	588,779,423.55
Accounts payable	1,401,455,896.72	1,428,940,784.60
Advances received		
Contract liabilities	288,265.96	213,590.21
Employee benefits payable	62,066,744.02	107,620,422.34
Taxes and rates payable	43,119,416.78	20,645,647.29
Other payables	1,528,465,487.21	1,215,554,441.77
Including: interest payable		
Dividends Payable		
Liabilities classified as held for sale		
Non-current liabilities due within one year	660,586,666.66	1,431,477,411.53
Other current liabilities		
Total current liabilities	4,513,955,376.44	4,793,231,721.29
Non-current liabilities:		
Long-term borrowings	1,641,478,277.78	800,824,388.89
Bonds payable	2,710,338,901.46	2,652,035,619.50
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	38,728,851.23	35,807,671.23
Deferred tax liabilities	63,690,409.17	59,345,035.23
Other non-current liabilities		
Total non-current liabilities	4,454,236,439.64	3,548,012,714.85
Total liabilities	8,968,191,816.08	8,341,244,436.14
Equity:		
Share capital	3,591,103,734.00	3,591,090,218.00
Other equity instruments	409,644,784.03	409,684,602.93
Including: Preferred shares		

Perpetual bonds		
Capital reserve	1,173,993,902.46	1,267,607,857.61
Less: treasury shares	342,578,665.17	411,949,612.90
Other comprehensive income		
Special reserve		
Surplus reserve	573,097,357.38	573,097,357.38
Undistributed profit	1,278,977,230.25	768,646,528.98
Total equity	6,684,238,342.95	6,198,176,952.00
Total liabilities & equity	15,652,430,159.03	14,539,421,388.14

3. Consolidated Income statement

Unit: RMB

Items	2022 Interim	2021 Interim
I. Total operating revenue	10,159,952,995.52	7,674,081,761.69
Including: Operating revenue	10,159,952,995.52	7,674,081,761.69
Interest income		
Premium earned		
Revenue from handling charges and commission		
II. Total operating cost	8,827,805,669.58	6,735,994,919.86
Including: Cost of sales	7,702,347,707.94	5,741,171,853.68
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	43,478,020.39	36,363,153.05
Selling expenses	219,831,170.12	182,548,395.40
Administrative expenses	468,457,579.13	374,431,536.21
R&D expenses	478,918,631.31	352,175,549.62
Financial expenses	-85,227,439.31	49,304,431.90

Including: Interest expenses	111,508,677.30	40,208,255.75
Interest income	99,255,925.36	43,640,017.31
Add: Other income	57,394,745.60	72,081,481.22
Investment income (or “-”: losses)	47,271,481.68	97,400,173.01
Including: Investment income from associates and joint ventures	6,300,850.84	4,108,890.70
Gains from derecognition of financial assets at amortized cost	-1,716,468.88	-3,707,072.41
Gains on foreign exchange (or “-”: losses)		
Gains on net exposure to hedging risk (or “-”: losses)		
Gains on changes in fair value (or “-”: losses)	-114,976,611.99	-32,695,697.38
Credit impairment loss (or “-”: losses)	-71,124,663.90	-48,442,168.40
Assets impairment loss (or “-”: losses)	-11,922,725.03	-18,614,580.55
Gains on asset disposal (or “-”: losses)	-525,838.34	400,172.51
III. Operating profit (or “-”: losses)	1,238,263,713.96	1,008,216,222.24
Add: Non-operating revenue	4,109,594.03	2,472,160.14
Less: Non-operating expenditures	2,949,255.42	3,604,181.70
IV. Profit before tax (or “-”: losses)	1,239,424,052.57	1,007,084,200.68
Less: Income tax expense	224,588,797.63	170,607,121.16
V. Net profit (or “-”: losses)	1,014,835,254.94	836,477,079.52
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or “-”: losses)	1,014,835,254.94	836,477,079.52
2. Net profit from discontinued operations (or “-”: losses)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent Company	1,003,187,335.23	823,881,221.70
2. Net profit attributable to	11,647,919.71	12,595,857.82

non-controlling shareholders		
VI. Other comprehensive income after tax	87,126,884.95	-17,246,635.52
Items attributable to the owners of the parent Company	87,126,884.95	-17,246,635.52
(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	87,126,884.95	-17,246,635.52
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	87,126,884.95	-17,246,635.52
7. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	1,101,962,139.89	819,230,444.00
Items attributable to the owners of the parent Company	1,090,314,220.18	806,634,586.18
Items attributable to non-controlling shareholders	11,647,919.71	12,595,857.82
VIII. Earnings per share (EPS):		

(I) Basic EPS	0.28	0.23
(II) Diluted EPS	0.27	0.23

Legal representative: Zhang Yabo Officer in charge of accounting: Yu Yingkui Head of accounting department: Sheng Xiaofeng

4. Income statement of the Parent Company

Unit: RMB

Items	2022 Interim	2021 Interim
I. Operating revenue	3,193,327,856.30	2,657,932,583.46
Less: Cost of sales	2,583,435,014.85	2,105,732,175.57
Taxes and surcharges	11,476,966.33	14,087,430.38
Selling expenses	14,635,706.60	11,804,665.15
Administrative expenses	95,902,750.30	88,329,399.37
R&D expenses	132,514,241.91	130,378,747.72
Financial expenses	13,812,595.95	28,429,967.53
Including: Interest expenses	102,596,230.96	38,011,175.51
Interest income	52,980,388.10	21,728,593.75
Add: Other income	9,961,694.64	26,148,191.57
Investment income (or “-”: losses)	766,572,383.64	32,124,589.36
Including: Investment income from associates and joint ventures	5,599,588.25	3,703,896.30
Gains from derecognition of financial assets at amortized cost (or “-”: losses)		
Gains on net exposure to hedging (or “-”: losses)		
Gains on changes in fair value (or “-”: losses)	-8,372,200.65	-3,898,101.08
Credit impairment loss (or “-”: losses)	-822,121.28	-2,333,077.79
Assets impairment loss (or “-”: losses)		
Gains on asset disposal (or “-”: losses)	16,472.35	31,965.08
II. Operating profit (or “-”: losses)	1,108,906,809.06	331,243,764.88
Add: Non-operating revenue	798,996.34	703,532.10

Less: Non-operating expenditures	12,253.93	553,058.35
III. Profit before tax (or “-”: losses)	1,109,693,551.47	331,394,238.63
Less: Income tax expense	64,027,813.00	57,159,487.93
IV. Net profit (or “-”: losses)	1,045,665,738.47	274,234,750.70
(I) Net profit from continuing operations (or “-”: losses)	1,045,665,738.47	274,234,750.70
(II) Net profit from discontinued operations (or “-”: losses)		
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		
6. Translation reserve		
7. Others		
VI. Total comprehensive income	1,045,665,738.47	274,234,750.70

5. Consolidated Cash Flow Statement

Unit: RMB

Items	2022 Interim	2021 Interim
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	9,386,162,507.29	7,791,922,676.43
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	393,707,345.33	292,769,667.23
Other cash receipts related to operating activities	153,194,318.48	112,704,898.93
Subtotal of cash inflows from operating activities	9,933,064,171.10	8,197,397,242.59
Cash payments for goods purchased and services received	7,239,805,026.09	5,594,083,556.18
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	1,250,642,544.42	1,043,695,672.97
Cash payments for taxes and rates	278,913,274.35	212,797,119.37
Other cash payments related to operating activities	402,690,197.08	521,604,270.81
Subtotal of cash outflows from operating activities	9,172,051,041.94	7,372,180,619.33
Net cash flows from operating activities	761,013,129.16	825,216,623.26
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	43,500,525.32	5,663,475.29
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	1,192,948.89	508,246.83
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	646,640,000.00	671,922,049.93
Subtotal of cash inflows from investing activities	691,333,474.21	678,093,772.05
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1,373,819,652.01	955,954,243.67
Cash payments for investments		
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	811,294,507.40	35,150,010.98
Subtotal of cash outflows from investing activities	2,185,114,159.41	991,104,254.65
Net cash flows from investing activities	-1,493,780,685.20	-313,010,482.60
III. Cash flows from financing		

activities:		
Cash receipts from absorbing investments	175,850,000.00	
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings	1,243,594,000.00	283,678,800.00
Other cash receipts related to financing activities	149,041,182.61	2,987,977,500.00
Subtotal of cash inflows from financing activities	1,568,485,182.61	3,271,656,300.00
Cash payments for the repayment of borrowings	1,002,826,150.00	38,237,578.82
Cash payments for distribution of dividends or profits and for interest expenses	583,563,129.96	924,187,677.93
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		
Other cash payments related to financing activities	106,024,933.57	9,409,814.51
Subtotal of cash outflows from financing activities	1,692,414,213.53	971,835,071.26
Net cash flows from financing activities	-123,929,030.92	2,299,821,228.74
IV. Effect of foreign exchange rate changes on cash & cash equivalents	87,126,884.95	-17,246,635.52
V. Net increase in cash and cash equivalents	-769,569,702.01	2,794,780,733.88
Add: Opening balance of cash and cash equivalents	2,690,002,225.09	3,400,144,038.54
VI. Closing balance of cash and cash equivalents	1,920,432,523.08	6,194,924,772.42

6. Cash Flow Statement of the Parent Company

Unit: RMB

Items	2022 Interim	2021 Interim
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	2,899,104,267.44	2,501,766,645.73
Receipts of tax refund	76,326,054.50	69,595,321.15

Other cash receipts related to operating activities	32,979,392.30	44,634,342.32
Subtotal of cash inflows from operating activities	3,008,409,714.24	2,615,996,309.20
Cash payments for goods purchased and services received	2,017,479,986.14	1,584,525,056.92
Cash paid to and on behalf of employees	288,368,735.03	259,052,505.85
Cash payments for taxes and rates	49,746,243.40	67,230,440.08
Other cash payments related to operating activities	60,695,494.49	99,950,220.20
Subtotal of cash outflows from operating activities	2,416,290,459.06	2,010,758,223.05
Net cash flows from operating activities	592,119,255.18	605,238,086.15
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments		
Cash receipts from investment income	775,597,711.02	21,811,801.45
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	18,700.00	104,233.67
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities	123,910,705.51	229,811,657.82
Subtotal of cash inflows from investing activities	899,527,116.53	251,727,692.94
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	92,038,000.65	89,501,487.52
Cash payments for investments	11,500,000.00	1,581,000,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	1,272,858,190.07	88,686,804.01
Subtotal of cash outflows from investing activities	1,376,396,190.72	1,759,188,291.53

Net cash flows from investing activities	-476,869,074.19	-1,507,460,598.59
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	175,850,000.00	
Cash receipts from borrowings	1,070,000,000.00	50,000,000.00
Other cash receipts related to financing activities	6,000,000.00	3,139,300,342.01
Subtotal of cash inflows from financing activities	1,251,850,000.00	3,189,300,342.01
Cash payments for the repayment of borrowings	900,000,000.00	20,000,000.00
Cash payments for distribution of dividends or profits and for interest expenses	578,648,166.97	919,172,149.40
Other cash payments related to financing activities	76,447,283.64	250,973,534.61
Subtotal of cash outflows from financing activities	1,555,095,450.61	1,190,145,684.01
Net cash flows from financing activities	-303,245,450.61	1,999,154,658.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-187,995,269.62	1,096,932,145.56
Add: Opening balance of cash and cash equivalents	1,379,413,954.98	1,803,237,880.51
VI. Closing balance of cash and cash equivalents	1,191,418,685.36	2,900,170,026.07

7. Consolidated Statement of Changes in Owners' Equity

Amount of this period

Unit: RMB

Items	2022 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	3,591,090,218.00			409,684,602.93	373,419,775.02	411,949,612.90	-129,410,847.39		701,784,529.70		6,615,689,606.07		11,150,308,271.43	102,282,337.30	11,252,590,608.73
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	3,591,090,218.00			409,684,602.93	373,419,775.02	411,949,612.90	-129,410,847.39		701,784,529.70		6,615,689,606.07	11,150,308,271.43	102,282,337.30	11,252,590,608.73
III. Current period increase (or “-”: decrease)	13,516.00			-39,818.90	-93,613,955.15	-69,370,947.73	87,126,884.95				467,852,298.03	530,709,872.66	11,647,919.71	542,357,792.37
(I) Total comprehensive income							87,126,884.95				1,003,187,335.23	1,090,314,220.18	11,647,919.71	1,101,962,139.89
(II) Capital contributed or withdrawn by owners	13,516.00			-39,818.90	-93,613,955.15	-69,370,947.73						-24,269,310.32		-24,269,310.32
1. Ordinary shares contributed by owners							-287,338,900.00					287,338,900.00		287,338,900.00
2. Capital contributed	13,516.00			-39,818.90	287,694.78							261,391.88		261,391.88

by holders of other equity instruments															
3. Amount of share-based payment included in equity					17,587,250.07	143,388,177.50								-125,800,927.43	-125,800,927.43
4. Others					-111,488,900.00	74,579,774.77								-186,068,674.77	-186,068,674.77
(III) Profit distribution														-535,335,037.20	-535,335,037.20
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners														-535,335,037.20	-535,335,037.20

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 comprehens ive 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	3,591,103,734.00			409,644,784.03	279,805,819.87	342,578,665.17	-42,283,962.44		701,784,529.70		7,083,541,904.10		11,681,018,144.09	113,930,257.01	11,794,948,440.11

Amount of Previous Period

Unit: RMB

Items	2021 Interim														Non-controlling interest	Total equity
	Equity Attributable to parent Company															
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal			
	Preferr ed shares	Perpetu al bonds	Others													
I. Balance	3,591,090,210			409,684,602	373,419,775	411,949,612	-129,410,847		701,784,529		6,615,689,600		11,150,308,270	102,282,337	11,252,590,600	

at the end of prior year	8.00			.93	02	90	.39		.70		6.07		1.43	.30	8.73
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	3,591,090,218.00			409,684,602.93	373,419,775.02	411,949,612.90	-129,410,847.39		701,784,529.70		6,615,689,606.07		11,150,308,271.43	102,282,337.30	11,252,590,608.73
III. Current period increase (or	13,516.00			-39,818.90	-93,613,955.15	-69,370,947.73	87,126,884.95				467,852,298.03		530,709,872.66	11,647,919.71	542,357,792.37

“-”; decrease)															
(I) Total comprehensive income							87,126,884.9 5				1,003,187,33 5.23		1,090,314,220. 18	11,647,919.7 1	1,101,962,139. 89
(II) Capital contributed or withdrawn by owners	13,516.00			-39,818.90	-93,613,955. 15	-69,370,947. 73							-24,269,310.3 2		-24,269,310.3 2
1. Ordinary shares contributed by owners															
2. Capital contributed by holders of other equity instruments	13,516.00			-39,818.90	287,694.78								261,391.88		261,391.88
3. Amount of share-based payment included in equity					17,587,250.0 7	-143,950,722 .50							161,537,972.5 7		161,537,972.5 7
4. Others					-111,488,900 .00	74,579,774.7 7							-186,068,674. 77		-186,068,674. 77

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	3,591,103,734.00			409,644,784.03	279,805,819.87	342,578,665.17	-42,283,962.44		701,784,529.70		7,083,541.904.10		11,681,018,144.09	113,930,257.01	11,794,948,401.10

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

Amount of this period

Unit: RMB

Items	2022 Interim											
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	3,591,090,218.00			409,684,602.93	1,267,607,857.61	411,949,612.90			573,097,357.38	768,646,528.98		6,198,176,952.00
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	3,591,090,218.00			409,684,602.93	1,267,607,857.61	411,949,612.90			573,097,357.38	768,646,528.98		6,198,176,952.00

III. Current period increase (or less: decrease)	13,516.00			-39,818.90	-93,613,955.15	-69,370,947.73				510,330,701.27		486,061,390.95
(I) Total comprehensive income										1,045,665,738.47		1,045,665,738.47
(II) Capital contributed or withdrawn by owners	13,516.00			-39,818.90	-93,613,955.15	-69,370,947.73						-24,269,310.32
1. Ordinary shares contributed by owners						-287,338,900.00						287,338,900.00
2. Capital contributed by holders of other equity instruments	13,516.00			-39,818.90	287,694.78							261,391.88
3. Amount of share-based payment included in equity					17,587,250.07	143,388,177.50						-125,800,927.43
4. Others					-111,488,900.00	74,579,774.77						-186,068,674.77
(III) Profit distribution										-535,335,037.20		-535,335,037.20
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners										-535,335,037.20		-535,335,037.20
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	3,591,103,734.00			409,644,784.03	1,173,993,902.46	342,578,665.17		573,097,357.38	1,278,977,230.25			6,684,238,342.95

Amount of Previous Period

Unit: RMB

Items	2021 Interim											
	Share Capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of prior year	3,591,601,468.00				1,198,721,706.52	281,483,741.34			509,280,441.15	1,089,748,875.88		6,107,868,750.21
Add:												

Cumulative changes of accounting policies												
Error correction of prior period												
Others												
II. Balance at the beginning of current year	3,591,601,468.00				1,198,721,706.52	281,483,741.34			509,280,441.15	1,089,748,875.88		6,107,868,750.21
III. Current period increase (or less: decrease)				409,766,556.24	26,270,045.10	-38,238,972.50				-621,219,842.30		-146,944,268.46
(I) Total comprehensive income										274,234,750.70		274,234,750.70
(II) Capital contributed or withdrawn by owners				409,766,556.24	26,270,045.10	-38,238,972.50						474,275,573.84
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity instruments				409,766,556.24								409,766,556.24
3. Amount of share-based payment included in equity					26,270,045.10	-38,238,972.50						64,509,017.60

4. Others												
(III) Profit distribution											-895,454,593.00	-895,454,593.00
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners											-895,454,593.00	-895,454,593.00
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	3,591,601,468.00			409,766,556.24	1,224,991,751.62	243,244,768.84			509,280,441.15	468,529,033.58		5,960,924,481.75

III. Company profile

The Company was established by the overall change of the original Sanhua Fuji Koki Co., Ltd. headquartered in Shaoxing City, Zhejiang Province. 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. The registered capital of RMB 3,591,065,608.00, total share of 3,591,103,734 shares (each with par value of RMB 1). The Company's shares were listed at Shenzhen Stock Exchange.

The Company belongs to the machinery manufacturing industry. Business scope: production and sales of refrigeration equipment, automatic control components, pressure pipeline components, electromechanical hydraulic control pumps, electromechanical hydraulic control components, undertake services of inspection, test and analysis of refrigeration accessories, and engage in import and export business. Main products include control components and parts of household appliances and automobiles.

The financial statements have been approved by the board of directors of the Company and disclosed on August 11th, 2022.

Zhejiang Sanhua Climate and Appliance Controls Group Co., Ltd. and other subsidiaries are included in the scope of consolidated financial statements in the current period. For further details, please refer to the change of consolidation scope in the notes to the financial report and the description of equity in other entities.

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:

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. 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 of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

6. 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.

7. 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.

8. Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate 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 into RMB 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 into RMB at the approximate exchange rate similar to the systematically and rationally determined spot exchange rate at the transaction date. The translation differences of foreign currency financial statements generated by the above translation are included in other comprehensive income.

9. 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: ① the amount of loss allowances in accordance with impairment requirements of financial instruments; ② 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:

① the contractual rights to the cash flows from the financial assets expire;

② 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

(1) Measurement and accounting treatment

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.

(2) Financial instruments that evaluate expected credit risk by portfolio and use three-stage model to measure expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with ages	Ages	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 12-month or lifetime expected credit loss rate.

(3) Receivables with expected credit loss measured by combination using simplified measurement method

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Notes receivable-Bank acceptance receivable	Bank acceptance	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	Trade acceptance	
Accounts receivable – Portfolio grouped with ages	Ages	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.

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

Ages	Expected credit loss rate (%)
Within 1 year (inclusive, the same hereinafter)	5%
1-2 years	10%
2-3 years	30%
Over 3 years	50%

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.

10. 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 at the end of each month/specific identification method.

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.

11. 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 the obligation to transfer goods to customers for the consideration received or receivable from customers as contract liabilities.

12. Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil 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 fulfil 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 original provision for asset impairment shall be reversed and included in the current profit and 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.

13. Long-term equity investments

1. Judgment of joint control and significant influence

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

2. Determination of investment cost

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

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

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of profit or loss

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

14. Investment property

Investment property measurement model

Measurement by cost method

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.

15. Fixed assets

(1) Recognition principles of fixed assets

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

the Company and the cost of the assets can be measured reliably.

(2) Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	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%

16. Construction in progress

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

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

17. Borrowing costs

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

18. Intangible assets

(1) Valuation method, service life, impairment test

1. Intangible assets include land use right, patent right and non-patented technology etc. The initial measurement of intangible assets is based on its cost.

2. Amortization method

Categories	Amortization method	Amortization period (years)
Land use rights	Straight-line method	Contractual service life
Application software	Straight-line method	1-4

Intellectual property	Straight-line method	5-10
-----------------------	----------------------	------

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.

(2) Accounting policy for internal R&D expenditure

Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can meet the corresponding conditions.

19. Impairment of long-term assets

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

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

20. Long-term prepayments

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

21. Employee benefits

(1) Short-term employee benefits

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

(2) Post-employment benefits

Post-employment 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.

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 goods or services received can be measured reliably, the fair value is measured at the date the Company obtains the goods or the counterparty renders service; if the fair value of the goods or services received cannot be measured reliably, the fair value of the equity instruments granted measured at the date the Company obtains the goods or the counterparty renders 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. Convertible bonds

The Company classifies convertible bonds at initial recognition as a financial asset or liability or equity instrument, based on contract terms and economic essence it reveals instead of its legal form, combining with the definitions of financial asset, liability and equity instrument.

At the balance sheet date, for a financial instrument classified as an equity instrument, its interest expenditure or dividend distribution is treated as profit distribution, and share repurchase and cancellation are treated as changes in equity; for a financial instrument classified as a financial liability, its interest expenditure or dividend distribution is treated as borrowing expense, and gain or loss on repurchase or redemption is included in profit or loss.

24. Revenue

Accounting policies used in revenue recognition and measurement

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. 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.

(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 income from domestic sales of products shall be recognized after the delivery inspection and the receipt certificate are obtained, and the income from export of products shall be recognized after the export declaration and the bill of lading are obtained. The sales revenue of metal scrap is recognized after weighing and picking up the goods and obtaining the receipt certificate.

Differences in accounting policies for revenue recognition due to different business models adopted by similar businesses.

25. 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 subsidized interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidized interest rate.

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

26. 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.

27. Leases

1. The Company as lessee

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. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all assets in short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method/unit-of-production 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 liability; 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 liability

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. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. 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.

(1) 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.

(2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

28. Segment reporting

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

- (1) that engages in business activities from which it may earn revenues and incur expenses;
- (2) whose financial performance is regularly reviewed by the Management to make decisions about resource

to be allocated to the segment and to assess its performance; and

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

29. 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).

30. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

In November 2021, the accounting department of the Ministry of Finance issued the fifth batch of questions and answers on the implementation of accounting standards for business enterprises in 2021. According to the article, under normal circumstances, the transportation activities before the control of the enterprise's goods or services is transferred to the customer and in order to perform the customer's contract do not constitute a single performance obligation, and the relevant transportation costs should be regarded as the contract performance costs, amortized on the same basis as the recognition of the revenue of goods or services, and included in the current profit and loss. The contract performance cost shall be carried forward and included in the title of "main business cost" or "other business cost" when recognizing the revenue of goods or services, and shall be listed in the item of "cost of sales" in the income statement.

Due to the implementation of the question and answer on the implementation of accounting standards for business enterprises (the fifth batch), the company retroactively corrected the presentation of sales freight and miscellaneous expenses from January to June in 2021, and reclassified the item from "sales expenses" to "Cost of sales". The adjustment impact of the accounting policy change on the financial statements from January to June in 2021 is shown in the table below:

Items	Income statement in 2021(from January to June)		
	Amount before adjustment	Amounts affected	Adjusted amount
Consolidated income statement			
Cost of sales	5,601,811,479.62	+139,360,374.06	5,741,171,853.68
Selling expenses	321,908,769.46	-139,360,374.06	182,548,395.40
Parent Company Income statement			
Cost of sales	2,099,047,503.77	+6,684,671.80	2,105,732,175.57
Selling expenses	18,489,336.95	-6,684,671.80	11,804,665.15

(2) Changes in significant accounting estimates

□ Applicable √ Not applicable

VI. Taxes**1. Major categories of taxes and tax rates**

Tax Type	Taxation basis	Tax rate
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%
Urban maintenance and construction tax	The sum of turnover tax payable and value-added tax exemption	5%,7%
Enterprise income tax	Taxable income	15%,25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Zhejiang Sanhua Intelligent Controls Co., Ltd	15%
Zhejiang Sanhua Climate and Appliance Controls Group 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

Being categorized as high-tech enterprises, the income tax of the Company and several subsidiaries for 2022 are temporarily calculated at a preferential tax rate of 15%, and the final income tax settlement shall prevail.

Several subsidiaries are welfare enterprises and can enjoy the preferential policy of "VAT refund". The exceeding portion over the 3% VAT payable of the certified software products enjoy the immediate refund policy. Export goods enjoy the VAT exemption and refund policy.

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	197,565.09	214,611.31
Cash in bank	6,065,392,131.36	6,602,049,617.99
Other cash and bank balances	113,252,479.18	105,457,631.83
Total	6,178,842,175.63	6,707,721,861.13
Including: Deposited overseas	252,118,223.52	294,941,970.98
The total amount of the cash and bank balances that are limited by mortgage, pledge or freeze	113,252,479.18	81,437,216.06

Other remarks:

As of June 30, 2022, bank deposits containing principal and interest of large deposit certificates amounted to 4,135.6962 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	109,383,374.74
Including:		
Including:		
Bank financial products	100,000,000.00	109,383,374.74
Total	100,000,000.00	109,383,374.74

3. Derivative Financial Assets

Unit: RMB

Items	Closing balance	Opening balance
Foreign exchange tool	10,179,360.19	50,103,815.20
Futures tools	30,460.00	4,536,549.83
Total	10,209,820.19	54,640,365.03

4. Notes receivable

(1) Categories of notes receivable

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance	1,969,119,125.52	2,131,097,187.89
Trade acceptance	9,115,476.03	13,095,844.43
Total	1,978,234,601.55	2,144,193,032.32

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	1,978,714,363.45	100.00%	479,761.90	0.02%	1,978,234,601.55	2,144,882,287.29	100.00%	689,254.97	0.03%	2,144,193,032.32
Including :										
Bank acceptance	1,969,119,125.52	99.52%			1,969,119,125.52	2,131,097,187.89	99.36%			2,131,097,187.89
Trade acceptance	9,595,237.93	0.48%	479,761.90	5.00%	9,115,476.03	13,785,099.40	0.64%	689,254.97	5.00%	13,095,844.43
Total	1,978,714,363.45	100.00%	479,761.90	0.02%	1,978,234,601.55	2,144,882,287.29	100.00%	689,254.97	0.03%	2,144,193,032.32

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	1,969,119,125.52		
Trade acceptance portfolio	9,595,237.93	479,761.90	5.00%
Total	1,978,714,363.45	479,761.90	

Description of the basis for determining the combination:

If the provision for bad debt of notes receivable is in accordance with the general expected credit loss model, please refer to the disclosure of the bad debt provision for other receivables:

Applicable Not Applicable

(2) 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	689,254.97	-209,493.07				479,761.90
Total	689,254.97	-209,493.07				479,761.90

Including significant provision for bad debt recovered or reversed amount:

 Applicable Not Applicable**(3) Pledged notes at the balance sheet date**

Unit: RMB

Items	Closing balance of pledged notes
Bank acceptance	1,712,625,978.86
Total	1,712,625,978.86

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

Unit: RMB

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	55,531,191.78	
Total	55,531,191.78	

5. Accounts receivable**(1) 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	1,066,059.26	0.02%	1,066,059.26	100.00%		1,066,059.26	0.03%	1,066,059.26	100.00%	0.00

Including:										
Receivables with provision made on a collective basis	5,091,468,614.50	99.98%	257,234,772.70	5.05%	4,834,233,841.80	3,702,620,878.17	99.97%	186,328,009.78	5.03%	3,516,292,868.39
Including:										
Total	5,092,534,673.76	100.00%	258,300,831.96	5.07%	4,834,233,841.80	3,703,686,937.43	100.00%	187,394,069.04	5.06%	3,516,292,868.39

Provision made on an individual basis:

Unit: RMB

Debtors	Closing balance			
	Book balance	Provision for bad debts	Accrued proportion	Reasons
Beijing Baowo Automobile Co., Ltd	560,808.07	560,808.07	100.00%	The credit status of the customer unit is abnormal, and it is expected that it is difficult to recover the payment due
Brilliance Automobile Group Holding Co., Ltd	488,550.18	488,550.18	100.00%	The credit status of the customer unit is abnormal, and it is expected that it is difficult to recover the payment due
Brilliance Renault Jinbei Automobile Co., Ltd	16,701.01	16,701.01	100.00%	The credit status of the customer unit is abnormal, and it is expected that it is difficult to recover the payment due
Total	1,066,059.26	1,066,059.26		

Provision for bad debt accrued made on account receivable portfolio: Provision for account receivable bad debt adopting aging portfolio

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debt	Accrued proportion
Within 1 year	5,057,737,377.99	252,886,868.98	5.00%
1 to 2 year	30,686,432.08	3,068,643.21	10.00%
2 to 3 year	1,215,708.56	364,712.57	30.00%
Over 3 year	1,829,095.87	914,547.94	50.00%
Total	5,091,468,614.50	257,234,772.70	

Description of the basis for determining the combination:

If the provision for bad debt of accounts receivable is in accordance with the general expected credit loss model, please refer to the disclosure of bad debt provision for other receivables:

Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year(inclusive)	5,057,737,377.99
1 to 2 year	31,191,683.27
2 to 3 year	1,776,516.63
Over 3 year	1,829,095.87
Total	5,092,534,673.76

(2) 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	1,066,059.26					1,066,059.26
Receivables with provision made on a collective basis	186,328,009.78	71,130,383.31		223,620.39		257,234,772.70
Total	187,394,069.04	71,130,383.31		223,620.39		258,300,831.96

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

Unit: RMB

Items	Write-off amount
Small sporadic accounts receivable	223,620.39

(4) Top 5 debtors with the largest accounts receivable balances

Unit: RMB

Debtors	Closing balance	Proportion to the total balance of accounts receivable	Provision for bad debt at the end of the period
Top 5 debtors with the largest balances	2,095,532,596.53	41.15%	104,828,021.72
Total	2,095,532,596.53	41.15%	

(5) Other remarks

Some of the company's accounts receivable are collected by electronic and digital credit credentials such as "Meiyi order of Midea Group", "Gree financial order of Gree Electric Appliance" and "TCL gold order". The company has not terminated the recognition of accounts receivable before the actual arrival of funds. At the same time, the company endorsed and paid part of the

electronic and digital credit credentials to the upstream suppliers. Before the expiration of the electronic and digital credit credentials, the company did not terminate the recognition of accounts payable.

As of June 30, 2022, the company had 788.6378 million yuan of electronic and digital credit credentials in hand, 35.8404 million yuan of electronic and digital credit credentials that had been endorsed and paid but not expired, and 131.1962 million yuan of electronic and digital credit credentials that had been used for factoring financing but not expired.

6. Advances paid

(1) Advances paid by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year	118,682,754.02	94.19%	90,174,287.14	96.05%
1 to 2 year	4,612,526.25	3.66%	2,441,003.70	2.60%
2 to 3 year	1,559,067.22	1.24%	649,786.02	0.69%
Over 3 year	1,155,185.14	0.92%	619,168.16	0.66%
Total	126,009,532.63		93,884,245.02	

Explanation of the reasons why the advances paid with an aging of more than 1 year and significant amount are not settled in time:

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

Closing balance of top 5 debtors totaled 15,018,615.77 yuan, accounting for 11.92% of the total closing balance of advances paid.

7. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Other receivables	147,817,352.70	121,135,343.85
Total	147,817,352.70	121,135,343.85

(1) Other receivables

1) Other receivables categorized by nature

Unit: RMB

Items	Closing balance	Opening balance
Tax refund receivable	86,625,378.32	61,621,187.53
Guarantee deposits	37,162,127.32	38,950,699.99

Others	27,542,591.27	23,872,426.88
Total	151,330,096.91	124,444,314.40

2) Provision for bad debt

Unit: RMB

Provision for bad debt	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance on January 1, 2022	1,461,164.06	1,847,806.49		3,308,970.55
The balance as of January 1, 2022 is in the current period				
Provision made in the current period	694,599.64			694,599.64
Provision recovered in current period		490,825.98		490,825.98
Balance on June 30, 2022	2,155,763.70	1,356,980.51		3,512,744.21

Loss provisions for significant changes in book balances in current period

 Applicable Not Applicable

Disclose by aging

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	129,384,888.55
1 to 2 year	3,206,997.22
2 to 3 year	601,685.44
Over 3 year	14,623,781.49
Total	147,817,352.70

3) 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	86,625,378.32	Within 1 year	57.24%	
Shaoxing Binhai New City Management Committee	Performance bond for land and project construction	5,410,000.00	3 to 5 year	3.57%	
Xinchang County Land Reserve Development Center	Deposit of construction projects	3,774,000.00	6 to 10 year	2.49%	
Wuhu Yijiang District Finance Bureau	Deposit of construction project	3,751,000.00	5 to 8 year	2.48%	
Customs	Customs deposit	1,800,000.00	Within 1 year	1.19%	
Total		101,360,378.32		66.98%	

4) Other receivables related to Government grants

Unit: RMB

Items	Government grant	Closing balance	Ages	Estimated receipt time, amount and basis
Local finance and taxation departments	VAT refund of civil welfare enterprises	3,113,280.00	Within 1 year	Expected to be fully received from July to October 2022, based on the tax refund application form.

8. Inventories

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

No

(1) Categories of inventories

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Carrying amount
Raw materials	1,084,949,769.82	33,443,282.85	1,051,506,486.97	988,227,079.33	33,309,247.33	954,917,832.00
Work-in-progress	478,269,873.83	1,451,381.52	476,818,492.31	475,907,400.34	1,451,381.52	474,456,018.82
Finished goods	2,410,883,711.42	36,725,332.17	2,374,158,379.25	2,231,635,847.92	45,599,140.84	2,186,036,707.08
Others	1,560,456.89	0.00	1,560,456.89	22,443,251.57		22,443,251.57
Total	3,975,663,811.96	71,619,996.54	3,904,043,815.42	3,718,213,579.16	80,359,769.69	3,637,853,809.47

(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	33,309,247.33	1,005,871.00		871,835.48		33,443,282.85
Work-in-progress	1,451,381.52					1,451,381.52

Finished goods	45,599,140.84	3,970,094.57		12,843,903.24		36,725,332.17
Total	80,359,769.69	4,975,965.57		13,715,738.72		71,619,996.54

The determination of the net realizable value of the excess & obsolete inventories of metal materials at the end of the period is the scrap metal recovery price. The determination of the net realizable value of the excess & obsolete inventories of electronic components is RMB 0.

9. Other current assets

Unit: RMB

Items	Closing balance	Opening balance
Deductible input tax	128,342,658.70	154,807,049.35
Prepaid Enterprise income tax	295,765.59	30,197,003.59
Others	616,868.88	981,643.12
Total	129,255,293.17	185,985,696.06

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	3,425,966.00		3,425,966.00	3,608,561.00		3,608,561.00	
Total	3,425,966.00		3,425,966.00	3,608,561.00		3,608,561.00	

Impairment of provision for bad debt

Unit: RMB

Provision for bad debt	Phase I	Phase II	Phase III	Total
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
The balance as of January 1, 2022 is in the current period				

Loss provisions for significant changes in book balances in current period

Applicable Not Applicable

11. Long-term equity investments

Unit: RMB

Investees	Opening balance (Carrying amount))	Increase/decrease in current period								Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investment increased	Investment decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividends or profit declared to distribution	Provision for impairment	Other		
I. Joint ventures											
II. Associates											
Chongqing Tainuo Machinery Co., Ltd.	13,659,135.38			3,207,288.16			2,000,000.00			14,866,423.54	
Nanchang Sanhua Jinlife Machinery Co., Ltd.	1,513,988.70			-34,463.17			225,000.00			1,254,525.53	
Qingdao Sanhua Jinlife Machinery Co., Ltd.	439,804.26	2,000,000.00		2,725,156.96						5,164,961.22	
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	1,540,339.99			27,138.52						1,567,478.51	

Ningbo Jinlife Machinery Co., Ltd.	1,512,151.41			379,901.80						1,892,053.21	
Xinchangzhejiang energy sanhua comprehensive energy co.	1,834,365.07			-24,144.77						1,810,220.30	
Zhongshan Xuanyi Pipe Manufacturing Co., Ltd.	2,181,145.70			19,973.34						2,201,119.04	
Subtotal	22,680,930.51	2,000,000.00	0.00	6,300,850.84	0.00	0.00	2,225,000.00	0.00	0.00	28,756,781.35	
Total	22,680,930.51	2,000,000.00	0.00	6,300,850.84	0.00	0.00	2,225,000.00	0.00	0.00	28,756,781.35	

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	Construction in progress	Total
I. Original Carrying amount				
1. Opening balance	11,514,530.95	3,183,887.70		14,698,418.65
2. Increase in current period	-300,434.61	-93,183.30		-393,617.91
(1) Acquisition				
(2) Transferred in from inventory\fixed assets\construction in progress				
(3) Business combination				

(4) Converted difference in Foreign Currency Statements	-300,434.61	-93,183.30		-393,617.91
3.Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4.Closing balance	11,214,096.34	3,090,704.40		14,304,800.74
II. Accumulated depreciation and amortization				
1.Opening balance	6,167,115.03			6,167,115.03
2.Increase in current period	171,164.19			171,164.19
(1) Depreciation or amortization	355,230.61			355,230.61
(2) Converted difference in Foreign Currency Statements	-184,066.42			-184,066.42
3.Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4.Closing balance	6,338,279.22			6,338,279.22
III. Provision for impairment				
1.Opening balance				
2.Increase in current period				
(1) Accrual				
3.Decrease in current period				
(1) Disposal				
(2) Other transfer out				
4.Closing balance				
IV. Carrying amount				
1.Closing balance	4,875,817.12	3,090,704.40		7,966,521.52
2.Opening balance	5,347,415.92	3,183,887.70		8,531,303.62

13.Fixed assets

Unit: RMB

Items	Closing balance	Opening balance
Fixed assets	4,460,422,484.12	4,232,706,801.07
Total	4,460,422,484.12	4,232,706,801.07

(1) Fixed assets

Unit: RMB

Items	Buildings and structures	Machinery and equipment	Measurement analysis equipment	Transportation vehicles	Office and other equipment	Total
I. Original book value:						
1.Opening balance	2,260,940,388	4,383,699,834	114,088,0	36,024,771.	253,136,0	7,047,889,1

	.77	.97	79.02	09	91.18	65.03
2.Increase in current period	10,605,969.82	455,044,936.38	9,642,223.15	8,511,738.47	11,039,536.12	494,844,403.94
(1) Acquisition	5,478,500.29	0.00	7,148,871.66	8,483,802.23	8,072,732.81	29,183,906.99
(2) Transferred in from construction in progress	2,098,178.89	449,172,079.93				451,270,258.83
(3) Business combination						
(4) Converted difference in Foreign	3,029,290.63	5,872,856.45	2,493,351.49	27,936.25	2,966,803.31	14,390,238.13
3.Decrease in current period		27,794,246.33	2,234,259.45	1,747,978.31	21,461,582.56	53,238,066.65
(1) Disposal or scrap		27,794,246.33	2,234,259.45	1,747,978.31	21,461,582.56	53,238,066.65
4.Closing balance	2,271,546,358.59	4,810,950,525.02	121,496,042.72	42,788,531.25	242,714,044.75	7,489,495,502.32
II. Accumulated depreciation						
1.Opening balance	660,956,999.83	1,917,864,567.58	46,144,827.70	28,168,250.52	149,922,333.22	2,803,056,978.85
2.Increase in current period	41,268,539.71	192,117,254.11	5,758,224.02	1,978,581.36	11,349,747.03	252,472,346.24
(1) Accrual	41,219,931.36	189,507,864.83	5,641,774.62	1,974,946.32	11,257,745.25	249,602,262.37
(2) Converted difference in Foreign Currency Statements	48,608.35	2,609,389.28	116,449.40	3,635.05	92,001.79	2,870,083.86
3.Decrease in current period		22,376,020.10	1,707,612.50	1,352,259.65	13,145,799.74	38,581,691.99
(1) Disposal or scrap		22,376,020.10	1,707,612.50	1,352,259.65	13,145,799.74	38,581,691.99
4.Closing balance	702,225,539.54	2,087,605,801.59	50,195,439.22	28,794,572.23	148,126,280.52	3,016,947,633.09
III. Provision for impairment						
1.Opening balance		11,698,671.50			426,713.61	12,125,385.11
2.Increase in current period						
(1) Accrual						
3.Decrease in current period						
(1) Disposal or scrap						
4.Closing balance		11,698,671.50			426,713.61	12,125,385.11
IV. Carrying amount						
1.Closing balance	1,569,320,819.05	2,711,646,051.93	71,300,603.50	13,993,959.02	94,161,050.62	4,460,422,484.12
2.Opening balance	1,599,983,388.94	2,454,136,595.89	67,943,251.32	7,856,520.57	102,787,044.35	4,232,706,801.07

(2) Fixed assets with certificate of titles being unsettled

Unit: RMB

Items	Carrying amount	Reasons for unsettlement
13# factory in Meizhu North district	71,446,977.11	New assets, the certificate of title to be processed uniformly after the overall completion.
Finished goods warehouse in Meizhu North district	19,976,080.76	New assets, the certificate of title to be processed uniformly after the overall completion.
14# factory in Meizhu North district	22,971,266.31	New assets, the certificate of title to be processed uniformly after the overall completion.
Meizhu North District class A warehouse	1,771,170.00	New assets, the certificate of title to be processed uniformly after the overall completion.
15# factory in Meizhu North district	56,391,108.43	New assets, the certificate of title to be processed uniformly after the overall completion.
Shaoxing new energy plant (phase I and phase II)	227,325,453.07	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	1,894,708,897.71	1,343,528,875.40
Total	1,894,708,897.71	1,343,528,875.40

(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 65 million sets of commercial refrigeration and air conditioning intelligent control components construction project	458,763,631.61		458,763,631.61	284,815,371.33		284,815,371.33
Annual	13,494,196.25		13,494,196.25	1,406,087.14		1,406,087.14

production of 7.3 million sets of new energy vehicle thermal management system components project						
Annual production of 1.5 million sets of new energy thermal management components project	177,054,309.99		177,054,309.99	181,228,255.83		181,228,255.83
Annual production of 4 million sets of new energy vehicles technical transformation project of heat pump components	29,741,032.74		29,741,032.74	34,615,615.96		34,615,615.96
Annual production of 3 million sets of plate heat exchanger technical transformation project and 2 million sets of EXV electronic expansion valve components technical transformation project	7,569,035.77		7,569,035.77	7,569,035.77		7,569,035.77
Annual output of 3 million sets thermal management parts of new energy vehicles technical transformation project	135,033,424.69		135,033,424.69	118,637,568.31		118,637,568.31
Annual output of 11 million sets of new energy vehicles high efficiency	138,403,552.13		138,403,552.13	93,731,401.89		93,731,401.89

heat exchanger assembly project						
Annual output of 50.5 million sets of high efficiency and energy saving refrigeration and air conditioning control components project	20,156,886.89		20,156,886.89	6,939,814.05		6,939,814.05
Vietnam industrial plant project	153,930,746.52		153,930,746.52	92,246,267.70		92,246,267.70
Mexico industrial plant project	167,669,713.74		167,669,713.74	53,528,222.79		53,528,222.79
Annual output of 14 million sets cooling parts of new energy vehicles technical transformation project	32,988,320.07		32,988,320.07			
Others	559,904,047.31		559,904,047.31	468,811,234.63		468,811,234.63
Total	1,894,708,897.71		1,894,708,897.71	1,343,528,875.40		1,343,528,875.40

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

Unit: RMB

Items	Budget	Opening balance	Increase in current period	Transferred to fixed assets in the current period	Other amounts decreased in current period	Closing balance	Accumulated investment to budget (%)	Completion percentage (%)	Accumulated amount of capitalized interest	Including: capitalized interest in current period	Capitalization rate for interest in current period	Fund source
Annual production of 65 million sets of commercial refrigeration	1,780,550,000.00	284,815,371.33	199,350,464.85	25,402,204.57		458,763,631.61	30.83%					Raised funds

and air conditioning intelligent control components construction project												
Annual production of 7.3 million sets of new energy vehicle thermal management system components project	468,600,000.00	1,406,087.14	13,988,374.25	1,900,265.14		13,494,196.25	90.65%					Raised funds
Annual production of 1.5 million sets of new energy thermal management components project	500,000,000.00	181,228,255.83	200,365,085.43	204,539,031.27		177,054,309.99	117.43%					Self-raised funds
Annual production of 4 million sets of new energy vehicles technical	161,254,500.00	34,615,615.96	37,504,600.11	42,379,183.33		29,741,032.74	96.49%					Self-raised funds

al transfo rmatio n project of heat pump compo nents												
Annua l produc tion of 3 million sets of plate heat exchan ger technic al transfo rmatio n project and 2 million sets of EXV electro nic expans ion valve compo nents technic al transfo rmatio n project	195,50 0,000. 00	7,569, 035.77				7,569, 035.77	13.54 %					Self-ra ised funds
Annua l output of 3 million sets therma l manag ement parts of new energy vehicle	206,29 0,400. 00	118,63 7,568. 31	88,977 ,219.4 0	72,581 ,363.0 2		135,03 3,424. 69	110.53 %					Self-ra ised funds

s technic al transfo rmati on project												
Annua l output of 11 million sets of new energy vehicle s high efficie ncy heat exchan ger assem bly project	760,00 0,000. 00	93,731 ,401.8 9	46,695 ,565.0 0	2,023, 414.76		138,40 3,552. 13	24.55 %					Self-ra ised funds
Annua l output of 50.5 million sets of high efficie ncy and energy saving refrige ration and air conditi oning control compo nents project	785,57 0,000. 00	6,939, 814.05	35,687 ,250.0 0	22,470 ,177.1 6		20,156 ,886.8 9	14.17 %					Raised funds
Vietna m industr ial plant project	28 million USD	92,246 ,267.7 0	61,684 ,478.8 2			153,93 0,746. 52	84.80 %					Self-ra ised funds
Mexic o industr ial	39.745 6 million USD	53,528 ,222.7 9	114,14 1,490. 95			167,66 9,713. 74	66.16 %					Self-ra ised funds

plant project												
Annual output of 14 million sets cooling parts of new energy vehicles technical transformation project	200,000,000.00	41,678,291.63	8,689,971.56			32,988,320.07	20.84%					Self-raised funds
Total		874,717,640.77	840,072,820.44	379,985,610.81		1,334,804,850.40						

15.Right of use assets

Unit: RMB

Items	Houses and buildings	Vehicle	Total
I. Original Carrying amount			
1. Opening balance	282,929,660.31	2,858,999.54	285,788,659.85
2. Increase in current period	32,305,356.78	244,916.64	32,550,273.42
(1) Rent	33,552,797.37	324,949.39	33,877,746.76
(2) Effect of Foreign Currency Translation	-1,247,440.59	-80,032.76	-1,327,473.34
3. Decrease in current period		687,082.47	687,082.47
1) Disposal		687,082.47	687,082.47
4. Closing balance	315,235,017.09	2,416,833.70	317,651,850.80
II. Accumulated amortization			
1. Opening balance	68,642,542.87	1,822,092.72	70,464,635.59
2. Increase in current period	26,634,898.91	111,320.05	26,746,218.96
(1) Accrual	27,297,319.04	162,639.08	27,459,958.12
(2) Converted difference in Foreign Currency Statements	-662,420.13	-51,319.03	-713,739.16
3. Decrease in current period		362,344.19	362,344.19
(1) Disposal		362,344.19	362,344.19
4. Closing balance	95,277,441.78	1,571,068.58	96,848,510.35
III. Provision for impairment			
1. Opening balance			
2. Increase in current period			

(1) Accrual			
3. Decrease in current period			
(1) Disposal			
4. Closing balance			
IV. Carrying amount			
1. Closing balance	219,957,575.32	845,765.13	220,803,340.44
2. Opening balance	214,287,117.44	1,036,906.82	215,324,024.26

16. Intangible Assets

(1) Details of intangible assets

Unit: RMB

Items	Land use right	Overseas land ownership	AWECO Intellectual property and commercial resource	Intellectual property right of air conditioner controller	Patent technology of Dotech electronic expansion controller	Software	Total
I. Original Carrying amount							
1. Opening balance	709,989,748.52	62,267,484.11	12,917,600.00	42,150,175.56	6,634,364.80	38,713,375.01	872,672,748.00
2. Increase in current period	30,140,178.12	2,655,662.54				1,421,008.61	34,216,849.27
(1) Acquisition	28,572,200.00					2,162,761.37	30,734,961.37
(2) Internal research and development							
(3) Business combination							
(4) Transferred in from investment property	1,567,978.12	2,655,662.54				-741,752.76	3,481,887.90
3. Decreased in current period							
(1) Disposal							
4. Closing balance	740,129,926.64	64,923,146.65	12,917,600.00	42,150,175.56	6,634,364.80	40,134,383.62	906,889,597.27
II. Accumulated amortization							
1. Opening balance	113,128,036.40	426,740.20		29,047,330.34	1,879,736.58	28,026,223.32	172,508,066.84
2. Increased in current period	7,246,377.68	85,287.47	2,152,933.33	1,627,509.14	331,718.22	1,598,875.64	13,042,701.48

(1) Accrual	7,119,794.43	62,818.30	2,152,933.3 3	1,627,509.1 4	331,718.2 2	2,319,446.7 1	13,614,220. 13
(2) Converted difference in Foreign Currency Statements	126,583.25	22,469.17				-720,571.07	-571,518.65
3. Decreased in current period							
(1) Disposal							
4. Closing balance	120,374,414.08	512,027.67	2,152,933.3 3	30,674,839. 48	2,211,454. 80	29,625,098. 96	185,550,768 .32
III. Provision for impairment							
1. Opening balance		3,774,136.8 0					3,774,136.8 0
2. Increased in current period		198,719.79					198,719.79
(1) Accrual							
(2) Converted difference in Foreign Currency Statements		198,719.79					198,719.79
3. Decreased in current period							
(1) Disposal							
4. Closing balance		3,972,856.5 9					3,972,856.5 9
IV. Carrying amount							
1. Closing balance	619,755,512.56	60,438,262. 39	10,764,666. 67	11,475,336. 08	4,422,910. 00	10,509,284. 66	717,365,972 .36
2. Opening balance	596,861,712.12	58,066,607. 11	12,917,600. 00	13,102,845. 22	4,754,628. 22	10,687,151. 69	696,390,544 .36

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
Zhejiang Sanhua plate Exchange Technology Co., Ltd	7,591,830.61					7,591,830.61

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
		Accrual		Disposal		
R-Squared Puckett Inc.	31,959,091.60					31,959,091.60
Total	31,959,091.60					31,959,091.60

18. Long-term prepayments

Unit: RMB

Items	Opening balance	Increased in current period	Amortization	Other decreases	Closing balance
Rental housing construction and transformation expenditure	27,502,950.13	5,639,175.82	315,288.71		32,826,837.24
Compensated use fee for emission rights	2,526,712.00		315,839.02		2,210,872.98
Others	6,611,165.94		659,142.29		5,952,023.65
Total	36,640,828.07	5,639,175.82	1,290,270.02		40,989,733.87

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	169,631,383.27	34,009,094.72	122,506,455.16	23,438,581.33
Provision for inventory write-down	43,726,732.63	7,739,041.82	46,952,738.86	8,222,942.54
Unrealized profit from internal transactions	245,931,654.16	24,968,718.51	258,273,537.27	32,617,712.51
Deductible losses	166,957,563.43	27,467,574.71	173,493,878.13	26,364,728.72
Deferred income: government grants	183,239,076.24	29,803,361.15	155,568,312.27	25,652,746.86
Provision for fixed assets impairments	12,125,385.11	1,818,807.78	12,125,385.11	1,818,807.78

Floating loss of derivative instruments	13,378,050.00	2,025,097.50		
Share-paid expenses	176,151,753.74	27,111,233.13	158,564,503.67	24,461,933.94
Difference between accounting cost and tax cost of convertible corporate bonds	72,543,134.67	10,881,470.20	71,233,687.74	10,685,053.16
Total	1,083,684,733.25	165,824,399.52	998,718,498.21	153,262,506.84

(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	14,017,789.27	2,102,668.41	16,689,933.82	2,503,490.07
Depreciation and amortization expense	1,287,282,536.92	193,312,040.53	1,076,829,976.01	161,524,496.34
Floating gain on derivatives	6,387,569.70	958,135.45	14,280,622.90	2,142,093.44
Accrued interest of certificate of deposit	87,355,455.71	13,369,153.04	43,518,763.17	6,586,968.05
Floating gain on financial products			1,020,675.59	153,101.41
Total	1,395,043,351.60	209,741,997.43	1,152,339,971.49	172,910,149.31

(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	1,083,684,733.25	165,824,399.52	998,718,498.21	153,262,506.84
Deferred tax liabilities	1,395,043,351.60	209,741,997.43	1,152,339,971.49	172,910,149.31

(4) Details of unrecognized deferred tax assets

Unit: RMB

Items	Closing balance	Opening balance
Provision for bad debt	92,661,954.80	68,885,839.40
Provision for inventory write-down	27,893,263.91	33,407,030.83
Deductible losses of subsidiaries	118,353,039.07	119,908,522.27
Investment losses recognized by the		9,330,930.51

equity method		
Provision for intangible assets impairment	3,972,856.59	
Floating loss on derivatives	56,717,872.94	
Deferred income-government grants	1,005,548.62	
Total	300,604,535.93	231,532,323.01

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

Unit: RMB

Year	Closing balance	Opening balance	Remarks
Year 2025	1,176,424.56	1,176,424.56	
Year 2026	521,923.98	676,929.68	
Year 2027	215,668.29		
Year 2028	10,478,078.42	10,478,078.42	
Year 2039	7,488,066.67	7,488,066.67	
Year 2030	31,592,983.55	31,604,893.55	
Year 2031	66,879,893.60	68,484,129.39	
Total	118,353,039.07	119,908,522.27	

20. Other non-current assets

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Advanced payment for non-current assets purchasing	455,241,032.92		455,241,032.92	328,609,958.16		328,609,958.16
Total	455,241,032.92		455,241,032.92	328,609,958.16		328,609,958.16

21. Short-term borrowings**(1) Categories of short-term borrowings**

Unit: RMB

Items	Closing balance	Opening balance
Credit borrowings	237,198,000.00	
Overseas loan under domestic guarantee	635,446,200.00	588,918,308.44
Bill discount financing	98,796,666.66	98,796,666.66
Factoring financing of account	131,196,202.21	49,685,762.67

receivable		
Guaranteed loan	460,000.00	
Accrued interest	2,471,992.11	790,172.77
Total	1,105,569,060.98	738,190,910.54

22. Derivative financial liabilities

Unit: RMB

Items	Closing balance	Opening balance
Futures tool	14,412,786.81	
Foreign exchange tool	55,683,136.13	
Total	70,095,922.94	

23. Notes payable

Unit: RMB

Categories	Closing balance	Opening balance
Bank acceptance bill	2,443,829,960.15	1,891,526,333.48
Total	2,443,829,960.15	1,891,526,333.48

24. Accounts payable

(1) Details of accounts payable

Unit: RMB

Items	Closing balance	Opening balance
Within 1 year (including 1 year)	3,218,249,733.24	3,165,267,168.95
1 to 2 years	18,410,362.38	40,604,444.51
2 to 3 years	3,747,934.34	4,647,692.76
Over 3 years	6,044,712.81	4,178,825.37
Total	3,246,452,742.77	3,214,698,131.59

25. Contract liabilities

Unit: RMB

Items	Closing balance	Opening balance
Advance collection of asset package disposal funds	93,619,937.21	79,816,249.22
Total	93,619,937.21	79,816,249.22

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

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
I.Short-term employee benefits	363,181,196.47	1,165,364,955.62	1,256,148,769.94	272,397,382.15
II.Post-employment benefits - defined contribution plan	5,755,023.95	44,195,213.85	44,274,785.71	5,675,452.09
III.Termination benefits	2,837,767.34	0.00	1,357,268.91	1,480,498.43
Total	371,773,987.76	1,209,560,169.47	1,301,780,824.56	279,553,332.67

(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	331,565,586.62	870,969,567.09	954,348,575.90	248,186,577.81
2.Employee welfare fund	68,350.93	36,691,797.76	36,760,148.69	
3.Social insurance premium	11,627,329.24	59,854,483.56	58,093,366.36	13,388,446.44
Occupational injuries premium	153,771.13	1,582,568.83	1,605,005.03	131,334.93
Medicare premium and Maternity premium	3,245,973.14	24,933,161.13	24,768,775.07	3,410,359.20
Overseas social security contributions	8,227,584.97	33,338,753.60	31,719,586.26	9,846,752.31
4.Housing provident fund	6,578.00	22,219,723.21	22,226,301.21	
5.Trade union fund and employee education fund	1,273,619.01	4,813,824.85	5,793,591.37	293,852.49
6.Dispatching remuneration	18,639,732.67	170,815,559.15	178,926,786.41	10,528,505.41
Total	363,181,196.47	1,165,364,955.62	1,256,148,769.94	272,397,382.15

(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	5,560,767.57	42,896,980.89	42,981,301.28	5,476,447.18
2.Unemployment insurance premium	194,256.38	1,298,232.96	1,293,484.43	199,004.91
Total	5,755,023.95	44,195,213.85	44,274,785.71	5,675,452.09

27. Taxes and rates payable

Unit: RMB

Items	Closing balance	Opening balance
Enterprise income tax	113,769,658.21	64,102,462.85
VAT	20,088,013.55	9,508,902.15
Individual income tax	5,187,630.10	7,076,026.18
Urban maintenance and construction tax	2,206,509.60	1,552,749.69
Education surcharge	1,221,551.86	918,423.85
Local education surcharge	814,367.95	545,284.63
Housing property tax	10,241,123.38	18,040,043.30
Land use tax	6,143,122.07	10,576,760.58
Others	3,578,657.13	1,083,812.97
Total	163,250,633.85	113,404,466.20

28. Other payables

Unit: RMB

Items	Closing balance	Opening balance
Other payables	320,786,812.27	172,923,251.10
Total	320,786,812.27	172,923,251.10

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

Unit: RMB

Items	Closing balance	Opening balance
Restricted shares repo obligations	217,009,400.00	75,490,047.50
Product warranty fee	2,848,063.52	5,480,670.32
Guarantee deposit	11,871,805.34	10,645,357.68
Rent and property fee	4,290,976.65	5,524,510.45
Compensation for product quality loss	9,070,602.08	13,500,685.28
Collection of talent awards	6,094,315.18	2,355,610.90
Others	69,601,649.50	59,926,368.97
Total	320,786,812.27	172,923,251.10

29. Non-current liabilities due within one year

Unit: RMB

Items	Closing balance	Opening balance
Guaranteed borrowings	660,000,000.00	1,430,000,000.00
Overseas loan under domestic guarantee	199,328,580.00	294,046,008.86

Accrued interest	657,975.30	1,723,095.18
Lease liabilities	54,882,335.02	37,573,783.54
Total	914,868,890.32	1,763,342,887.58

30. Other current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Output tax to be written off	8,069,213.68	5,276,677.78
Total	8,069,213.68	5,276,677.78

31. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Items	Closing balance	Opening balance
Guaranteed borrowings	1,640,000,000.00	800,000,000.00
Overseas loan under domestic guarantee	671,140.00	637,570.00
Accrued interest	1,478,277.78	824,388.89
Total	1,642,149,417.78	801,461,958.89

32. Bonds payable

(1) Bonds payable

Unit: RMB

Items	Closing balance	Opening balance
Sanhua Convertible bonds	2,710,338,901.46	2,652,035,619.50
Total	2,710,338,901.46	2,652,035,619.50

(2) Changes of bonds payable (does not include preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: RMB

Bond name	Par value	Release date	Bond term	Issuance amount	Opening balance	Current issuance	Accrued interest at par value	Amortization in discount or premium	Current repayment	Conversion from shares to equity	Ending balance
-----------	-----------	--------------	-----------	-----------------	-----------------	------------------	-------------------------------	-------------------------------------	-------------------	----------------------------------	----------------

								m		instrum ents	
Sanhua Convert ible bonds	100.00	June, 2021	6 year	3,000,0 00,000. 00	2,652,0 35,619. 50		3,500,0 00.00	61,063, 205.84	5,998,5 32.00	-261,39 1.88	2,710,3 38,901. 46
Total	—			3,000,0 00,000. 00	2,652,0 35,619. 50		3,500,0 00.00	61,063, 205.84	5,998,5 32.00	-261,39 1.88	2,710,3 38,901. 46

(3) Explanation of conditions and time of share conversion for convertible bonds

With the approval of China Securities Regulatory Commission in document zjxk [2021] No. 168, the company publicly issued 30 million convertible corporate bonds (hereinafter referred to as Sanhua convertible bonds) in June 2021, with a face value of 100 yuan each and a total issuance amount of 3 billion yuan.

The start and end date of Sanhua convertible bonds is from December 7, 2021 to May 31, 2027, and the initial conversion price is 21.55 yuan / share. As of June 30, 2022, 8,236 Sanhua convertible bonds have been converted into 38,126 ordinary shares.

33. Leased liabilities

Unit: RMB

Items	Closing balance	Opening balance
Leased liabilities	201,589,704.84	195,555,461.70
Less: Leased liabilities due within 1 year	-54,882,335.02	-37,573,783.54
Total	146,707,369.82	157,981,678.16

34. Long-term payables

Unit: RMB

Items	Closing balance	Opening balance
Long-term payables	4,799,239.86	
Total	4,799,239.86	

(1) Long-term payables listed by nature

Unit: RMB

Items	Closing balance	Opening balance
Stock appreciation rights deposit	4,799,239.86	

35.Deferred income

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance	Reasons for balance
Government grants	156,831,834.71	37,738,540.00	10,325,749.85	184,244,624.86	
Total	156,831,834.71	37,738,540.00	10,325,749.85	184,244,624.86	

Projects related to government grants:

Unit: RMB

Items	Opening balance	Increased in current period	Grants included into Non-operating revenue in current period	The amount recorded as other income in current period	Offsetting cost and expenses in current period	Other changes	Closing balance	Related to assets/related to income
Grant for 2014 national industrial technology research and development	2,500,000.20			312,499.98			2,187,500.22	Related to assets
Grant for construction project of 25 million sets of new energy-saving and environmental protection variable frequency air conditioning expansion valve	204,000.32			67,999.98			136,000.34	Related to assets

Intelligent factory technological transformation project based on The Internet of Things technology	3,125,000.00			250,000.14			2,874,999.86	Related to assets
Annual production of 3 million self-circulating superconducting plates technology project	618,750.00			49,500.00			569,250.00	Related to assets
Comprehensive technical transformation project of intelligent manufacturing of refrigeration components	4,971,300.00			414,274.98			4,557,025.02	Related to assets
Technical transformation project of 30 million sets of high efficiency energy saving refrigeratio	5,600,000.00			400,000.02			5,199,999.98	Related to assets

n and air conditioning control components								
Technical transformation project of 30 million sets of high efficiency energy saving refrigeration and air conditioning control components	10,803,522.50			605,805.00			10,197,717.50	Related to assets
Annual output of 50.5 million sets of high efficiency and energy saving refrigeration and air conditioning control components technology transformation projects	7,985,098.33			402,610.02			7,582,488.31	Related to assets
Special fund grant for prevention and control of heavy	989,591.67			89,450.00			900,141.67	Related to assets

metals pollution								
Intelligent manufacturing technical transformation project of an annual output of 6 million commercial refrigeration components	2,271,220.00			180,000.00			2,091,220.00	Related to assets
Technical transformation project of annual output of 12 million commercial refrigeration control components	4,281,862.54			221,565.00			4,060,297.54	Related to assets
Grant for technical transformation project of newly increased 800000 sets of heat exchanger per year	1,516,000.00			379,000.00			1,137,000.00	Related to assets
Grant for technical transformation project of newly	4,214,050.00			421,405.00			3,792,645.00	Related to assets

increased 100000 sets of heat exchanger per year								
Grant for commercial machine micro-chan nel heat exchanger technical transformat ion project	553,650.00			369,100.00			184,550.00	Related to assets
Product technical transformat ion project of annual output of 700000 large heat exchangers	5,355,600.0 0			334,725.00			5,020,875.0 0	Related to assets
Grant for annual production of 2 million sets of automobile air conditionin g parts project	1,656,000.0 8			276,000.00			1,380,000.0 8	Related to assets
Grant for annual production of 1 million sets of new energy vehicle air-conditio ning thermal	4,576,750.2 4			457,674.97			4,119,075.2 7	Related to assets

sensors project								
Product technical transformation project of annual production of 7.3 million sets of new energy vehicle thermal management system components	36,342,000.00			2,019,000.00			34,323,000.00	Related to assets
Grant for project of an annual output of 11.5 million new energy automobile parts	19,663,661.78	32,222,740.00		1,740,543.54			50,145,858.24	Related to assets
Annual production of 11 million sets of high-efficiency heat exchanger components for new energy vehicles	23,175,000.00						23,175,000.00	Related to assets
Grant for an annual output of 2 million sets	1,263,522.44			257,973.82			1,005,548.62	Related to assets

of high-efficiency energy-saving inverter controllers								
Industrial transformation and upgrading, technological transformation and industrial investment	316,049.56			29,562.45			286,487.11	Related to assets
Comprehensive investment award for technological transformation of industrial enterprises in Yijiang District Finance Bureau	603,120.00			43,080.00			560,040.00	Related to assets
Comprehensive investment award for technological transformation of industrial enterprises in Yijiang District Economic	251,106.67			19,970.00			231,136.67	Related to assets

and Informatio n Committee								
Grant from Yijiang D istrict Fina nce Burea u	40,133.33			8,600.00			31,533.33	Related to assets
Special fund grant for multistory factory buildings of small and medium-siz ed enterprises	4,773,214.1 4			112,893.78			4,660,320.3 6	Related to assets
Grant for technical transformat ion project for the production line of energy-savi ng residential air-conditio ning control component s with an annual output of 50 million sets	370,192.52			63,461.52			306,731.00	Related to assets
Industrial transfer projects and single	162,037.42			66,715.08			95,322.34	Related to assets

equipment investment grant								
Grant for four-way reversing valve optimization project	413,333.48			79,999.98			333,333.50	Related to assets
Comprehensive award and compensation for investment in technological transformation of industrial enterprises	1,569,905.44			127,092.92			1,442,812.52	Related to assets
Grant for research and development equipment	99,014.26			10,457.53			88,556.73	Related to assets
Fund subsidies for new industrialization	1,774,085.63			112,424.22			1,661,661.41	Related to assets
Comprehensive award and compensation for investment in technological transformation of industrial	2,627,360.00			178,944.00			2,448,416.00	Related to assets

enterprises								
Policy grant for strong industrial base and manufacturing strong province	615,000.00			45,000.00			570,000.00	Related to assets
Grant for equipments promoting new type industrial technological transformation	1,141,945.30			65,889.06			1,076,056.24	Related to assets
Grant for promoting new industrialization and support technological transformation of enterprises	408,756.86			20,601.86			388,155.00	Related to assets
Annual output of 50.5 million sets of high efficiency and energy saving refrigeration and air conditioning control components		5,515,800.00		91,930.00			5,423,870.00	Related to assets

technology transformation projects								
Total	156,831,834.71	37,738,540.00		10,325,749.85			184,244,624.86	

36. Other non-current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Engineering agent construction fund	28,782,218.09	28,782,218.09
Long-term employee rights protection payment	43,934,716.27	46,419,797.27
Total	72,716,934.36	75,202,015.36

Other remarks:

According to local investment promotion policies, the "seven connections and one leveling" project of the construction land of the Wuhu city is completed by Wuhu high-tech Industrial Development Zone Administration Committee. As the state-owned assets management unit of Wuhu high-tech Industrial Development Zone, Wuhu Xinma Investment Co., Ltd. and Wuhu High-tech Construction Development Co., Ltd. entrusted Wuhu Sanhua Auto-control Components Co., Ltd and Wuhu Sanhua Technology Co., Ltd. to build the "seven connections and one leveling" project, and allocated RMB 72.03 million as engineering fund. As of June 30, 2022, the accumulated amount of hedging and written-off of engineering agent construction fund and project expense was RMB 43.2478 million, and the amount to be written-off at the end of the period was RMB 28.7822 million.

Long-term employee rights protection payment: retirement pensions of Mr. Harald Schrott who is the former actual controller of the Germany Aweco residential appliances business. Based on Austrian labor law, one-time welfare compensation for termination of labor contract and one-time welfare compensation for retirement, disability and death.

37. 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	3,591,090,218.00				13,516.00	13,516.00	3,591,103,734.00

Other remarks:

In the current period, 13,516 shares were increased due to the conversion of "Sanhua convertible bonds".

38. Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued at the end of the period

With the approval of [2021] No. 168 document of China Securities Regulatory Commission, the company publicly issued 30 million convertible bonds on June, 2021, with a nominal value of RMB100 per share, a total issuance amount of RMB 3 billion.

The term of Sanhua convertible bonds is 6 years, the interest is paid once a year, and the principal and interest of the last year are returned when due. The coupon rate is 0.2% in the first year, 0.4% in the second year, 0.6% in the third year, 1.5% in the fourth year, 1.8% in the fifth year and 2.0% in the sixth year. The start and end date of Sanhua convertible bonds is from December 7, 2021 to May 31, 2027, and the initial conversion price is 21.55 yuan / share. Within five trading days after the maturity of Sanhua convertible bonds, the company will redeem the convertible bonds that have not been converted into shares at the price of 110% of the face value of the bonds (including the last interest).

(2) Statement of changes in preferred shares, perpetual bonds and other financial instruments issued at the end of the period

Unit: RMB

Financial instruments issued	Opening balance		Increased in current period		Decreased in current period		Closing balance	
	Qty	Book value	Qty	Book value	Qty	Book value	Qty	Book value
Convertible bonds	29,994,679	409,684,602.93			2,915.00	39,818.90	29,991,764.00	409,644,784.03
Total	29,994,679	409,684,602.93			2,915.00	39,818.90	29,991,764.00	409,644,784.03

The increase and decrease of other equity instruments in the current period, the reasons for the change, and the basis of relevant accounting treatment:

With the approval of the CSRC in document zjxk [2021] No. 168, the company publicly issued 30 million convertible corporate bonds in June 2021, with a face value of 100 yuan each and a total issuance amount of 3 billion yuan. The amount of these convertible corporate bonds initially classified as equity instruments is 409,766,556.24 yuan. Opening Carrying amount is 409,684,602.93, and due to the conversion of debt to equity, 39,818.90 yuan of equity instruments was decreased in the current period.

39. Capital reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Capital premium (Share premium)	191,059,600.24	287,694.78	111,488,900.00	79,858,395.02
Other capital reserve	182,360,174.78	17,587,250.07		199,947,424.85
Total	373,419,775.02	17,874,944.85	111,488,900.00	279,805,819.87

Other remarks, including changes and reasons in the current period:

Reasons for the change of increase or decrease in current period:① The capital premium decreased RMB 111,488,900 yuan due to restricted stock granted to employees from Treasury stock repurchased by the company on the secondary market;②The capital stock premium increased by 287,694.78 Yuan due to the debt to equity swap of "Sanhua convertible bonds";③ Other capital reserve increased RMB 17,587,250.07 due to the confirmation of share-based payment remuneration.

40. Treasury shares

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Restricted shares	75,490,047.50	175,850,000.00	32,461,822.50	218,878,225.00
Repo shares	336,459,565.40	74,579,774.77	287,338,900.00	123,700,440.17
Total	411,949,612.90	250,429,774.77	319,800,722.50	342,578,665.17

Other remarks, including changed amount of the current period and movement reason:

Reasons for changes in the current period; ①The company paid RMB 74,579,774.77 for repurchasing tradable shares through collective bidding; ②The company repurchased treasury shares from the secondary market and granted employees restricted stocks, deducting treasury shares of RMB 287,338,900.00; ③The company grants restricted stocks to incentive objects with treasury shares, and reduces treasury stocks by RMB 175,850,000.00; ④The company have unlocked 4,434,300 equity incentive restricted shares granted in 2020, the grant price was RMB 6.9615 per share, after ex-rights and ex-dividends, unlocked amount is RMB 30,869,550.00, and the treasury shares and repo obligations payable were reduced by the same amount; ⑤In May 2022, the company implemented the 2021 equity distribution, and the dividend of RMB 1,592,272.5 for the unlocked part of the restricted shares of equity incentives will be temporarily withheld by the company. At the same time, the treasury shares and repo obligations payable were reduced by the same amount.

41. Other comprehensive income

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	
II.Items to be reclassified subsequently to profit or loss	-129,410,847.39	87,126,884.95				87,126,884.95		-42,283,962.44
Converted difference in Foreign	-129,410,847.39	87,126,884.95				87,126,884.95		-42,283,962.44
Total OCI	-129,410,847.39	87,126,884.95				87,126,884.95		-42,283,962.44

Other remarks, including the adjustment of the effective portion of the cash flow hedging gain or loss to the initially recognized amount of the hedged item:

The converted difference in foreign are attributed to the parent company and not affected by corporate income tax.

42. Surplus reserve

Unit: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Closing balance
Statutory surplus reserve	675,289,473.12			675,289,473.12
Discretionary surplus reserve	8,681,137.20			8,681,137.20
Reserve fund	17,813,919.38			17,813,919.38
Total	701,784,529.70			701,784,529.70

43. Undistributed profit

Unit: RMB

Items	Current period	Previous period
Balance before adjustment at the end of the previous period	6,615,689,606.07	5,890,916,707.83
Opening balance after adjustment	6,615,689,606.07	5,890,916,707.83
Add: Net profit attributable to shareholders of the parent company for current year	1,003,187,335.23	823,881,221.70
Less: Payable dividends on ordinary shares	535,335,037.20	895,454,593.00
Closing balance of undistributed profit	7,083,541,904.10	5,819,343,336.53

44. Operating revenue and Cost of sales

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	9,759,983,794.33	7,315,858,292.73	7,359,458,785.54	5,442,581,272.04
Other operations	399,969,201.19	386,489,415.21	314,622,976.15	298,590,581.64
Total	10,159,952,995.52	7,702,347,707.94	7,674,081,761.69	5,741,171,853.68

45. Taxes and surcharges

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	14,118,529.65	10,179,080.41
Education surcharge	7,275,685.11	5,228,681.60

Housing property tax	10,682,933.54	7,902,829.60
Land use tax	1,342,126.29	4,561,087.17
Stamp duty	3,437,021.16	2,905,152.17
Local education surcharge	4,850,456.76	3,485,801.10
Local foundation for water works	507,592.79	480,439.56
Others	1,263,675.09	1,620,081.44
Total	43,478,020.39	36,363,153.05

46. Selling expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost (including share-based payment)	131,724,833.74	107,494,444.60
Warehousing and handling charges	32,810,085.05	31,019,881.40
Entertainment expense	15,770,497.66	15,792,822.53
Travel expense	8,570,995.46	6,797,345.19
Market maintenance fee	4,799,215.10	7,048,733.83
Intermediary service fee	11,067,900.52	7,284,083.16
Others	15,087,642.59	7,111,084.69
Total	219,831,170.12	182,548,395.40

47. Administrative expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost (including share-based payment)	313,527,075.86	248,078,901.38
Office expense	57,469,324.78	43,677,277.45
Entertainment expense	7,065,836.80	7,220,376.68
Depreciation and amortization expense	43,663,581.82	34,793,775.73
Intermediary service fee	24,628,138.08	15,889,432.17
Vehicle expense	4,892,943.15	5,647,121.79
Others	17,210,678.64	19,124,651.01
Total	468,457,579.13	374,431,536.21

48. R&D expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Labor cost (including share-based payment)	240,163,086.77	186,897,454.69
Material and power expense	167,084,372.30	110,747,519.73
Depreciation and amortization expense	19,284,261.30	17,325,821.94
Mold manufacturing fee	29,526,485.35	22,006,077.52
Travel expense	1,253,983.51	1,375,884.50
Royalties	3,108,071.99	2,136,353.46
Outsourcing R&D expense	2,289,971.70	150,000.00
Others	16,208,398.39	11,536,437.78
Total	478,918,631.31	352,175,549.62

49. Financial expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Interest expense	111,508,677.30	40,208,255.75
Interest income (fill in negative numbers)	-99,255,925.36	-43,640,017.31
Bank financing fee	167,621.82	802,376.05
Exchange gains or losses	-100,650,468.17	51,129,161.17
Others	3,002,655.10	804,656.24
Total	-85,227,439.31	49,304,431.90

50. Other income

Unit: RMB

Source of the other income	Current period cumulative	Preceding period comparative
Government grants	55,952,531.40	71,379,416.62
Including: VAT refund of civil welfare enterprises	6,110,640.00	4,370,400.00
VAT refund on software products in excess of tax burden	7,166,775.40	2,974,905.57

Handling fees for withholding individual income tax	1,442,214.20	702,064.60
Total	57,394,745.60	72,081,481.22

51. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	6,300,850.84	4,108,890.70
Investment income of bank financing products	3,321,714.32	4,163,475.29
Gains and losses on settlement of futures contracts	9,372,489.05	31,449,091.11
Gains and losses on settlement of foreign exchange contract	29,992,896.35	61,385,788.32
Bill discount interest	-1,716,468.88	-3,707,072.41
Total	47,271,481.68	97,400,173.01

52. Gains or losses on changes in fair value

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Floating income of futures contracts	-18,884,225.18	-11,620,437.02
Floating income of foreign exchange contract	-94,949,012.07	-20,461,881.22
Floating income of bank financing products	-1,143,374.74	-613,379.14
Total	-114,976,611.99	-32,695,697.38

53. Credit impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Provision for bad debt	-71,124,663.90	-48,442,168.40
Total	-71,124,663.90	-48,442,168.40

54. Assets impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss and contract performance cost impairment loss	-11,922,725.03	-18,614,580.55
Total	-11,922,725.03	-18,614,580.55

55. Gains on asset disposal

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Gains on disposal of fixed assets	-525,838.34	400,172.51

56. Non-operating revenue

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on retirement of non-current assets	983,385.08	74,165.94	983,385.08
Gains on compensation and penalty	1,620,977.49	1,182,168.21	1,620,977.49
Exempted payment	1,104,324.28	1,062,439.33	1,104,324.28
Others	400,907.18	153,386.66	400,907.18
Total	4,109,594.03	2,472,160.14	4,109,594.03

57. Non-operating expenditures

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on retirement of non-current assets	2,617,627.82	2,097,520.70	2,617,627.82
Donation expenditures	128,378.69	160,000.00	128,378.69
Compensation and liquidated damages expenses		942,720.28	
Others	203,248.91	403,940.72	203,248.91
Total	2,949,255.42	3,604,181.70	2,949,255.42

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

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	200,318,842.19	162,540,094.71
Deferred income tax expenses	24,269,955.44	8,067,026.45
Total	224,588,797.63	170,607,121.16

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Items	Current period cumulative
Profit before tax	1,239,424,052.57
Income tax expense based on statutory/applicable tax rate	234,386,844.71
Effect of prior income tax reconciliation	4,997,496.73
Effect of deductible temporary differences or deductible losses not recognized	578,260.11
Adjustment of permanent differences	-15,373,803.92
Income tax expenses	224,588,797.63

59. Other comprehensive income

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

60. Notes to items of the consolidated cash flow statement**(1) Other cash receipts related to operating activities**

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Government grants	71,493,052.09	44,281,463.72
Net change in restricted funds		730,130.35
Interest income	46,515,534.24	43,640,017.31
Rental income	5,622,360.24	4,188,087.32
Guarantee deposit, etc.	29,563,371.91	19,865,200.23
Total	153,194,318.48	112,704,898.93

(2) Other cash payments related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Net change in restricted funds	5,315,140.43	
Guarantee deposit		939,945.51
Expense payments for the period	397,375,056.65	520,664,325.30
Total	402,690,197.08	521,604,270.81

(3) Other cash receipts related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Redemption of certificates of deposit and bank financing products	646,640,000.00	579,087,170.50
Income from settlement of foreign exchange instruments		61,385,788.32
Income of settlement of futures instruments		31,449,091.11
Total	646,640,000.00	671,922,049.93

(4) Other cash payments related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Payments for purchasing certificates of deposit and bank financing products	784,775,000.00	17,000,000.00
Net change in restricted funds	26,519,507.40	18,150,010.98
Total	811,294,507.40	35,150,010.98

(5) Other cash receipts related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
-------	---------------------------	------------------------------

Accounts receivable factoring financing	149,041,182.61	
Issuance of convertible bond		2,987,977,500.00
Total	149,041,182.61	2,987,977,500.00

(6) Other cash payments related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Bank financing fee	167,621.82	802,376.05
Repayment of financial lease and interest	29,410,028.11	6,345,014.96
Repo shares expenses (including restricted shares)	76,447,283.64	2,262,423.50
Total	106,024,933.57	9,409,814.51

61. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Unit: RMB

Supplement information	Current period cumulative	Preceding period comparative
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,014,835,254.94	836,477,079.52
Add: Provision for assets impairment loss	83,047,388.93	67,056,748.95
Depreciation of fixed assets, oil and gas assets, productive biological assets	283,016,679.51	221,626,816.40
Depreciation of right of use assets	27,459,958.12	
Amortization of intangible assets	13,614,220.13	10,184,699.56
Amortization of Long-term prepayments	1,290,270.02	4,642,412.23
Loss on disposal of fixed assets, intangible assets and other long-term assets (or "-": gains)	525,838.34	-400,172.51
Loss on retirement of fixed assets (or "-": gains)	1,634,242.74	2,023,354.76
Losses on changes in fair value (or "-": gains)	114,976,611.99	32,695,697.38
Financial expenses (or "-": income)	58,906,550.50	41,010,631.80
Investment loss (or "-": income)	-48,987,950.56	-101,107,245.42

Decrease of deferred tax assets (or “-”: increase)	-12,561,892.68	-12,621,431.57
Increase of deferred tax liabilities (or “-”: decrease)	36,831,848.12	20,730,283.65
Decrease in inventories (or “-”: increase)	-271,165,971.52	-629,050,587.52
Decrease in operating receivables (or “-”: increase)	-1,280,367,182.45	-522,973,086.43
Increase of operating payables (or “-”: decrease)	720,370,012.96	828,651,377.36
Others	17,587,250.07	26,270,045.10
Net cash flow from operating activities	761,013,129.16	825,216,623.26
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
The conversion of a debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	1,920,432,523.08	6,194,924,772.42
Less: Opening balance of cash	2,690,002,225.09	3,400,144,038.54
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	-769,569,702.01	2,794,780,733.88

(2) Composition of cash and cash equivalents

Unit: RMB

Items	Closing balance	Opening balance
I. Cash	1,920,432,523.08	2,690,002,225.09
Including: Cash on hand	197,565.08	214,611.31
Cash in bank that can be readily drawn on demand	1,918,234,957.99	2,689,767,198.01
Funds in other currencies that can be readily drawn on demand		20,415.77
II. Cash and cash equivalents at end of year	1,920,432,523.08	2,690,002,225.09

62. Assets with restriction on ownership or use rights

Unit: RMB

Items	Carrying amount at the end of the period	Cause of restriction
-------	--	----------------------

Cash and bank balance	113,252,479.18	Guarantee deposit and Guarantee deposit in futures contracts
Notes receivable	1,712,625,978.86	Pledge financing
Accounts receivable	167,036,569.90	Electronic digital credit certificate that has been endorsed, paid or discounted but has not expired
Total	1,992,915,027.94	--

63. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Including: USD	39,394,752.16	6.7114	264,393,939.65
EUR	14,443,868.42	7.0084	101,228,407.43
Other currencies			79,725,712.30
Subtotal			445,348,059.38
Derivative financial assets			
Including: USD	0.00	6.7114	0.00
EUR	0.00	7.0084	0.00
Other currencies			3,822,250.49
Subtotal			3,822,250.49
Accounts receivable			
Including: USD	242,640,824.00	6.7114	1,628,459,626.19
EUR	68,668,311.96	7.0084	481,254,997.54
Other currencies			85,783,000.05
Subtotal			2,195,497,623.78
Other receivables			
Including: USD	4,846,474.53	6.7114	32,526,629.16
EUR	122,819.91	7.0084	860,771.06
Other currencies			4,024,564.84
Subtotal			37,411,965.06
Long-term receivables			
Including: USD	0.00	6.7114	0.00

EUR	115,000.00	7.0084	805,966.00
Other currencies			0.00
Subtotal			805,966.00
Short-term borrowings			
Including: USD	65,000,000.00	6.7114	436,241,000.00
EUR	48,000,000.00	7.0084	336,403,200.00
Subtotal			772,644,200.00
Derivative financial liabilities			
Including: USD	8,450,974.90	6.7114	56,717,872.94
Subtotal			56,717,872.94
Accounts payable			
Including: USD	20,152,835.37	6.7114	135,253,739.30
EUR	7,582,182.28	7.0084	53,138,966.29
Other currencies			72,636,247.39
Subtotal			261,028,952.98
Other payables			
Including: USD	3,808,592.18	6.7114	25,560,985.56
EUR	1,967,843.27	7.0084	13,791,432.77
Other currencies			2,191,275.20
Subtotal			41,543,693.53
Non-current liabilities due within one year			
Including: USD	33,168,841.60	6.7114	222,609,363.51
EUR	1,111,431.18	7.0084	7,789,354.28
Other currencies			284,181.23
Subtotal			230,682,899.02
Long-term borrowings			
Including: USD	100,000.00	6.7114	671,140.00
EUR		7.0084	
Subtotal			671,140.00
Long-term payables			
Including: USD	309,267.99	6.7114	2,075,621.19
EUR	340,046.29	7.0084	2,383,180.42
Other currencies			340,438.25

Subtotal			4,799,239.86
lease liability			
Including: USD	5,565,499.28	6.7114	37,352,291.87
EUR	9,613,982.39	7.0084	67,378,634.18
Other currencies			188,583.97
Subtotal			104,919,510.02

(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.

64. Government grants

(1) Refund of government grants

Unit: RMB

Items	Amount	Financial Report Items
Industrial support fund bonus	13,185,885.00	Other income
Special funds for foreign trade and economic development	7,181,384.00	Other income
VAT refund on software products in excess of tax burden	7,166,775.40	Other income
VAT refund of civil welfare enterprises	6,110,640.00	Other income
Talent introduction and job stabilization subsidies	3,302,810.53	Other income
Award of enterprise R&D investment	3,163,000.00	Other income
Subsidies and rewards for scientific and technological innovation and entrepreneurship	2,433,000.00	Other income
Subsidy and award of innovative development	1,590,000.00	Other income
Handling fee for withholding and paying personal income tax	1,442,214.20	Other income
Enterprise patent subsidy	1,198,290.00	Other income
Others	294,996.62	Other income
Amount of deferred income transferred to other income in the current period	10,325,749.85	Other income
Subtotal	57,394,745.60	

(2) Other remarks

Please refer to the description of deferred income in the Notes to the Consolidated Financial Statements in Section X Financial Report for details of government grants related to assets

VIII. Changes in the consolidation scope**1. Changes in the consolidation scope due to other reasons**

Explain the changes in the scope of consolidation caused by other reasons (e.g. new subsidiaries, liquidation subsidiaries, etc.) and their related situations:

Unit: RMB

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
Sanhua New Energy Thermal Management Technology (Hangzhou) Co., Ltd.	New subsidiaries	March 30, 2022	10,000,000.00	100%
Sanhua plate Exchange Technology (Zhengzhou) Co., Ltd	New subsidiaries	April 12, 2022	7,000,000.00	100%

IX. Interest in other entities**1. Interest in subsidiaries****(1) Composition of enterprise group**

Subsidiary name	Main operating place	Place of registration	Business nature	Holding proportion		Acquisition method
				Direct	Indirect	
Zhejiang Sanhua Climate and Appliance Controls Group Co., Ltd.	Zhejiang	Zhejiang	Air conditioning parts	74.00%	26.00%	Business combination under common control
Zhejiang Sanhua Automotive Components Co., Ltd.	Zhejiang	Zhejiang	Automobile Parts	100.00%		Business combination under common control
Sanhua	Zhejiang	Zhejiang	Air	100.00%		Business

(hangzhou) Micro Channel Heat Exchanger Co., Ltd			conditioning parts			combination under common control
Zhejiang Sanhua Trading Co., Ltd	Zhejiang	Zhejiang	Air conditioning parts	100.00%		Establishment
SANHUA AWECO Appliance Systems GmbH	Germany	Germany	Home appliance parts		100.00%	Business combination not under common control

Other remarks:

The above companies are important subsidiaries of the Company.

2. Interest in joint venture or associates

(1) Aggregated financial information of insignificant joint ventures and associates

Unit: RMB

Items	Closing balance/Current period cumulative	December 31, 2021/Preceding period comparative
Joint ventures	--	--
Total of the following items calculated by shareholding ratio	--	--
Associates	--	--
Total book value of investment	28,756,781.35	22,680,930.51
Total of the following items calculated by shareholding ratio	--	--
Net profit	6,300,850.84	4,108,890.70

X. 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 has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability.

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) Significant financial difficulty of the debtor;
- 2) A breach of binding clause of contract;
- 3) It is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. 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's accounts receivable risk points are distributed among multiple partners and multiple customers. As of June 30 2022, the Company has no significant central credit risk, and the proportion of accounts receivable from the top five customers in book balance is at a reasonable and moderate level.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

The Company continues to monitor short-term and long-term funding needs to ensure that sufficient cash reserves are maintained. At the same time, the Company continuously monitors compliance with the loan agreement to ensure that the credit line obtained from commercial banks can meet short-term or long-term funding needs. When necessary, the Company can implement equity financing.

As of June 30 2022, the undiscounted contractual cash flows of the Company's financial liabilities listed by maturity date are shown in the following table:

Unit: RMB

Items	Closing balance			
	Within 1 year	1-3 years	Over 3 years	Total
Short-term borrowings	1,116,409,516.35			1,116,409,516.35
Derivative financial liabilities	70,095,922.94			70,095,922.94
Notes payable	2,443,829,960.15			2,443,829,960.15
Accounts payable	3,246,452,742.77			3,246,452,742.77
Other payable	320,786,812.27			320,786,812.27
Non-current liabilities due within one year	920,586,993.47			920,586,993.47
Long-term borrowings		1,729,398,417.77		1,729,398,417.77
Bonds payable	11,996,705.60	62,982,704.40	3,353,079,215.20	3,428,058,625.20
Lease liabilities		79,460,668.10	67,246,701.72	146,707,369.82
Long-term payables		4,799,239.86		4,799,239.86
Subtotal	8,130,158,653.55	1,876,641,030.13	3,420,325,916.92	13,427,125,600.60

(Continued)

Items	Opening balance			
	Within 1 year	1-3 years	Over 3 years	Total
Short-term borrowings	741,497,623.23			741,497,623.23
Notes payable	1,891,526,333.48			1,891,526,333.48
Accounts payable	3,214,698,131.59			3,214,698,131.59
Other payable	172,923,251.10			172,923,251.10
Non-current liabilities due within one year	1,788,496,608.56			1,788,496,608.56
Long-term borrowings		852,116,486.66		852,116,486.66
Bonds payable	5,998,935.80	128,977,119.70	3,299,414,690.00	3,434,390,745.50
Lease liabilities		86,244,850.09	71,736,828.07	157,981,678.16
Subtotal	7,815,140,883.76	1,067,338,456.45	3,371,151,518.07	12,253,630,858.28

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest Rate Risk

Interest rate risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments.

The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintain a proper financial instruments portfolio through regular review and monitoring.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level. The Company is mainly operated in mainland China, whose main activities are denominated in RMB; hence, the Company bears insignificant market risk arising from foreign exchange changes.

For details of the company's foreign currency monetary assets and liabilities at the end of the period, please refer to the notes to the financial report "Notes to Consolidated Financial Statements Items - Foreign Currency Monetary Items".

XI. 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	Level 2	Level 3	Total
Constant measurement at fair value	--	--	--	--
1.Held-for-trading financial assets	10,179,360.19	100,030,460.00		110,209,820.19
Financial assets measured at fair value through profit or loss	10,179,360.19	100,030,460.00		110,209,820.19
Debt instrument investments		100,000,000.00		100,000,000.00
Derivative financial assets	10,179,360.19	30,460.00		10,209,820.19
Total amount of assets constantly measured at their fair values	10,179,360.19	100,030,460.00		110,209,820.19
Including: Trading bonds issued	55,683,136.13	14,412,786.81		70,095,922.94
Derivative financial liabilities	55,683,136.13	14,412,786.81		70,095,922.94
Total amount of liabilities constantly measured at their fair values	55,683,136.13	14,412,786.81		70,095,922.94
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 forward foreign exchange 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.

XII. Related party relationships and transactions

1. Parent Company

Parent Company	Place of registration	Business nature	Registered capital	Holding proportion over the Company	Voting right proportion over the Company
Sanhua Holding Group Co., Ltd	Zhejiang Province	Industrial Investment	730 million yuan	49.99%	49.99%

Remarks on the parent Company:

As of June 30, 2022, Sanhua Holding Group Co., Ltd. (Hereinafter referred to as SHG) directly holds 29.31% of the Company's shares, and indirectly holds 20.68% of the shares through its subsidiaries, for a total of 49.99% 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

For the details of the subsidiaries of the company, please refer to the description of the note "equity in other entities".

3. Joint ventures and associates of the Company

For the important joint ventures or associates of the company, please refer to the description of the note "equity in other entities".

Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationship with the Company
Chongqing Tainuo Machinery Co., Ltd (Hereinafter referred to as CTMC)	Associates
Qingdao Sanhua Jinlifeng Machinery Co., Ltd (Hereinafter referred to as QSJM)	Associates
Zhongshan Xuanyi Pipe Making Co., Ltd (Hereinafter referred to as ZXPM)	Associates

4. Other related parties of the Company

Joint ventures or associates	Relationship with the Company
Zhejiang Sanhua Green Energy Industrial Group Co., Ltd. (Hereinafter referred to as ZSGE)	Shareholders, controlled by the parent company
Hangzhou Tongchan Machinery Co., Ltd. (Hereinafter referred to as HTM)	Controlled by the parent company
Hangzhou Sanhua Research Institute Co., Ltd. (Hereinafter referred to as HSRI)	Controlled by the parent company
Hangzhou Green Energy New Energy Automotive Components Co., Ltd. (Hereinafter referred to as HGE)	Controlled by the parent company
Shanghai Sanhua Electric Co., Ltd. (Hereinafter referred to as SSE)	Controlled by the parent company
Zhejiang Sanhua Zhicheng Real Estate Development Co., Ltd. (Hereinafter referred to as ZSZR)	Controlled by the parent company
Zhejiang Haoyuan Technology Co., Ltd. (Hereinafter referred to as ZHT)	Controlled by the parent company
Ningbo Fuerda Smartech Co., Ltd. (Hereinafter referred to as NFS)	Controlled by the parent company
Wuhu Alda Technology Co., Ltd. (Hereinafter referred to as WAT)	Shareholding company of the parent company
Hangzhou Formost Material Technology Co., Ltd. (Hereinafter referred to as HFMT)	Shareholding company of the parent company

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving services

Purchase of goods and receiving of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Approved Transaction Limit	Over the Transaction Limit or No	Preceding period comparative
NFS	Commodities	27,620,720.03	50,400,000.00	No	
ZXPM	Commodities	9,758,753.69	30,000,000.00	No	12,581,552.34
WAT	Commodities				55,752.21

Remarks: 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 quota with Sanhua Holding Group Co., Ltd. and its subordinate subsidiaries is consolidated and reviewed for approval, of which the amount of purchased goods is 50.4 million yuan.

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
HSRI	Commodities	5,928,205.09	101,089.74
SHG	Commodities	10,213.26	52,256.96
ZSZR	Commodities	7,893.80	9,734.51
QSJM	Commodities	1,234,589.15	203,134.21
CTMC	Commodities	298,843.05	
WAT	Commodities		1,350.00

(2) Related party guarantees

The Company as guaranteed parties

Unit: RMB

Guaranteed parties	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
SHG	2,300,000,000.00	August 12, 2020	June 13, 2024	No

Remarks of related party guarantees

The information in the table does not include related guarantees within the scope of consolidation, nor related guarantees that have been performed.

(3) Assets transfer and debt restructuring of the related parties

Unit: RMB

Related parties	Content of related party transactions	Current period cumulative	Preceding period comparative
HTM	Equipment	517,522.13	24,450,210.36
HSRI	Equipment	14,207.44	

(4) Key management's emoluments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	9,109,655.39	6,196,143.93

(5) Other related party transactions

Unit: RMB

Abbreviation of associate	Content of transaction	Current period cumulative	Preceding period comparative
ZSGE	Housing, land, equipment and other rental	5,972,345.17	2,631,152.03
ZHT		7,238,336.48	6,034,039.91

HSRI	expenses, property management, water,	463,773.63	397,622.42
HGE	electricity, and service expenses	272,851.46	
HSRI	Housing, land, equipment and other rental income, property management, water, electricity, and service income	761,519.04	518,602.95
ZHT		86,797.76	62,433.76
SHG		3,895,706.95	3,848,329.72
ZSGE		308,105.81	427,216.07
WAT		152,049.88	383,092.22
HFMT		671,533.40	236,607.29
HTM			22,852.39

In addition, it is affected by the inconsistency between the registered permanent residence of a few employees and the place of work, there are transactions between related parties that pay employee social insurance premium and housing accumulation fund on behalf of them. In current period, the company pays for the related party RMB 26,493.60.

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	QSJM	354,663.47	17,733.17	68,818.81	3,440.94
Accounts receivable	HSRI	3,155,046.18	157,752.31	4,254,623.49	212,731.17
Accounts receivable	CTMC	254,123.89	12,706.19	84,352.01	4,217.60
Accounts receivable	WAT	19,729.80	986.49		
Accounts receivable	HFMT	741,612.65	37,080.63		
Accounts receivable	ZSGE	44,396.80	2,219.84		
Other receivables	ZHT	670,000.00	33,500.00	670,000.00	33,500.00

(2) Payables

Unit: RMB

Items	Related parties	Closing balance	Opening Balance
Accounts payable	NFS	18,311,372.02	
Accounts payable	ZXPM	7,527,391.67	5,977,186.49
Accounts payable	HSRI	377,150.00	261,150.00
Accounts payable	ZSGE	140,397.60	
Accounts payable	HTM		6,737,074.50

Accounts payable	ZHT		316,422.06
Other payables	HFMT	100,000.00	100,000.00

XIII. Share-based payment

1. Overall information

Applicable Not applicable

Unit: Shares

Total equity instruments granted in current period	17,585,000.00
Total equity instruments exercised in current period	4,434,300.00
Total equity instruments retired in current period	268,450.00
The range of exercise prices of share options outstanding at the end of the period and the remaining contractual life	The grant price of the stock appreciation rights is RMB 10, which will be unlocked in batches within 12 months after 12 months, 24 months, and 36 months from the grant date.
The range of exercise prices of other equity instruments at the end of the period and the remaining contractual life	2020 Restricted Stock Incentive Plan: The adjusted restricted stock grant price is RMB 6.9615, which will be unlocked in batches within 12 months after 12 months, 24 months, and 36 months from the grant date. 2022 Restricted Stock Incentive Plan: The restricted stock grant price is RMB 10, which will be unlocked in batches within 12 months after 12 months, 24 months, and 36 months from the grant date.

Other remarks

In February 2020, the Company implemented a restricted stock incentive plan for core employees. Among them, the number of restricted stocks granted was 12.045 million shares, and the grant price per share was RMB 9.85. The grant date was February 24, 2020, and it will be unlocked year by year in batches at a ratio of 30%:30%:40%.

In June 2020, the Company implemented the 2019 equity distribution. In September 2020, the company implemented the 2020 semi-annual equity distribution. In May 2021, the company implemented the 2020 equity distribution. In May 2022, the company implemented the 2021 equity distribution. According to the method stipulated in the "2020 Restricted Stock 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 15.6585 million shares, and the grant price per share was RMB 6.9615.

In May 2022, the Company implemented a restricted stock incentive plan for core employees. Among them, the number of restricted stocks granted was 17.585 million shares, and the grant price per share was RMB 10. The grant date was May 31, 2022, and it will be unlocked year by year in batches at a ratio of 30%:30%:40%.

2. Equity-settled share-based payment√ Applicable Not applicable

Unit: RMB

Determination method 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	166,528,360.85
Total expenses incurred due to equity-settled share-based payment	17,587,250.07

Other remarks

Note: In 2020, the company initially granted 12.045 million restricted stocks to incentive object. Later, it was adjusted to 17.4577 million shares due to the annual distribution of equity in 2019. 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).

In 2022, the company initially granted 17.585 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).

3. Cash-settled share-based payment√ Applicable Not applicable

Unit: RMB

Determination method for the fair value of liability assumed by the Company and to be calculated on the basis of shares or other equity instruments	Calculated based on the closing price of the stock on the balance sheet date after deduction of the adjusted stock appreciation right grant price.
Accumulated liabilities arising from cash-settled share-based payment in liabilities	8,477,800.00
Total expenses arising from cash-settled share-based payment	8,477,800.00

XIV. Events after the balance sheet date**1. Profit distribution**

For details, please refer to "Detailed Description of Profit Distribution or Capital Reserve Conversion Plan" in "Profit Distribution and Capital Reserve Conversion to Share Capital" in Section IV "Corporate Governance" of the Company's 2022 Semi-Annual Report.

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: RMB

Items	Refrigeration and air-conditioning electrical parts business	Auto parts business	Inter-segment elimination	Total
Operating revenue	6,961,386,065.52	3,198,566,930.00		10,159,952,995.52
Cost of sales	5,314,987,405.26	2,387,360,302.68		7,702,347,707.94
Total assets	18,723,376,550.37	6,688,366,843.14		25,411,743,393.51
Total liabilities	10,922,255,954.06	2,694,539,038.35		13,616,794,992.41

XVI. Notes to items of parent Company financial statements**1. Accounts receivable****(1) Disclosure of accounts receivable by categories**

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	730,215,479.37	76.69%			730,215,479.37	379,079,112.37	64.69%		379,079,112.37	
Including:										
Receivables with provision made on a collective basis	221,998,022.58	23.31%	11,099,901.13	5.00%	210,898,121.45	206,926,654.25	35.31%	10,346,332.71	5.00%	196,580,321.54
Including:										
Total	952,213,501.95	100.00%	11,099,901.13	1.17%	941,113,600.82	586,005,766.62	100.00%	10,346,332.71	1.77%	575,659,433.91

Provision made on an individual basis: Accounts receivable from subsidiaries of the Company

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debt	Accrued proportion	Accrued reason
SANHUA INTERNATIONAL SINGAPORE PTE.LTD.	353,242,833.13		0.00%	
Zhejiang Sanhua Trading Co., Ltd	192,543,978.77		0.00%	
SANHUA (VIETNAM) COMPANY LIMITED	128,503,973.32		0.00%	
Zhejiang Sanhua Automotive Components Co., Ltd	13,394,090.70		0.00%	
Xinchang Sitong Electrical and Mechanical Co., Ltd	8,717,771.94		0.00%	
SHAOXING SANHUA NEW ENERGY AUTOMOTIVE COMPONENTS CO.LTD	8,488,229.14		0.00%	
Other subsidiaries	25,324,602.37		0.00%	

Total	730,215,479.37			
-------	----------------	--	--	--

Provision made on a collective basis: Aging portfolio

Unit: RMB

Items	Closing balance		
	Book balance	Book balance	Book balance
Within 1 year	221,998,022.58	11,099,901.13	5.00%
Total	221,998,022.58	11,099,901.13	

The remarks of determination of a collective basis:

If the provision for bad debt of accounts receivable is accrued in accordance with the general expected credit loss model, please refer to the disclosure of other receivables to disclose the relevant information about the provision for bad debt:

Applicable Not applicable

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	952,213,501.95
Total	952,213,501.95

Disclosure by aging

(2) 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	
Receivables with provision made on a collective basis	10,346,332.71	753,568.43		0.01		11,099,901.13
Total	10,346,332.71	753,568.43		0.01		11,099,901.13

(3) Accounts receivable written off in the current period

Unit: RMB

item	Amount
Account receivables	0.01

(4) Top 5 debtors with the largest other receivables balances

Unit: RMB

Debtors	Closing balance	Proportion to the total ending balance of accounts receivable	Closing balance of bad debt provision
Top 5	751,038,543.06	78.87%	3,837,387.89
Total	751,038,543.06	78.87%	--

2. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Dividend receivable		19,000,000.00
Other receivables	450,068,047.00	370,775,386.82
Total	450,068,047.00	389,775,386.82

(1) Dividend receivable

1) Classification of dividends receivable

Unit: RMB

Items	Closing balance	Opening balance
Wuhu Sanhua Automatic Control Components Co., Ltd		12,000,000.00
Zhongshan Sanhua Refrigeration Components Co., Ltd		7,000,000.00
Total		19,000,000.00

(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	431,411,000.00	341,107,339.69
Tax refund receivable	10,313,414.25	15,563,784.83
Guarantee deposit	4,122,175.52	9,827,285.00
Others	4,664,997.36	4,651,964.58
Total	450,511,587.13	371,150,374.10

2) Provision for bad debt

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, 2022	207,341.18	167,646.10		374,987.28
Balance in current period on January 1, 2022				
Provision made in current period	3,556.77	64,996.08		68,552.85
Balance on June 30, 2022	210,897.95	232,642.18		443,540.13

Loss provisions for significant changes in book balances in current period

 Applicable Not Applicable

Disclosure by aging

Unit: RMB

Aging	Closing balance
Within 1 year (including 1 year)	445,942,373.33
1 to 2 years	483,762.80
2 to 3 years	91,523.00
Over 3 years	3,993,928.00
3 to 4 years	313,618.00
Over 5 years	3,680,310.00
Total	450,511,587.13

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 for bad debts based on aging portfolio	374,987.28	68,552.85				443,540.13
Total	374,987.28	68,552.85				443,540.13

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
Wuhu Sanhua Auto-control Components Co., Ltd	Financial aid	73,222,000.00	Within 1 year	16.25%	
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	Financial aid	70,064,200.00	Within 1 year	15.55%	
Hangzhou Leaderway Electronics Co., Ltd	Financial aid	59,530,000.00	Within 1 year	13.21%	
Sanhua (Jiangxi) Self - control Components Co., Ltd	Financial aid	50,270,000.00	Within 1 year	11.16%	
Wuhan Sanhua Refrigeration Accessories Co., Ltd	Financial aid	42,074,400.00	Within 1 year	9.34%	
Total	--	295,160,600.00	--	65.51%	

3. Long-term equity investments

Unit: RMB

Investees	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	6,930,012,392.16		6,930,012,392.16	6,408,397,046.53		6,408,397,046.53
Investments in associates and joint ventures	25,264,422.00		25,264,422.00	20,389,833.75		20,389,833.75
Total	6,955,276,814.16		6,955,276,814.16	6,428,786,880.28		6,428,786,880.28

(1) Investments in subsidiaries

Unit: RMB

Investees	Opening balance(Carrying amount)	Changed amount of the current period				Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investments increased	Investments decreased	Provision for impairment	Others		

							t
Zhejiang Sanhua Automotive Components Co., Ltd.	2,005,901,956.05	500,000,000.00			4,237,808.08	2,510,139,764.13	
Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd	650,983,520.91	0.00			1,847,655.70	652,831,176.61	
Zhejiang Sanhua Climate & Appliance Controls Group Co., Ltd	324,897,848.05	0.00			1,900,096.77	326,797,944.82	
Sanhua International Inc.	307,031,006.84	0.00			162,160.23	307,193,167.07	
Sanhua International Singapore Pte. Ltd	947,959,917.23	0.00			953,665.43	948,913,582.66	
Wuhu Sanhua Automatic Control Components Co., Ltd	151,881,654.05	0.00			224,248.90	152,105,902.95	
Sanhua (Jiangxi) Self-control Components Co., Ltd	93,770,008.81	0.00			70,128.18	93,840,136.99	
Xinchang Sitong Electrical and Mechanical Co., Ltd	47,453,367.13	0.00			292,367.98	47,745,735.11	
Zhejiang Sanhua	1,649,290,894.37	0.00			163,961.63	1,649,454,856.00	

Commercial Refrigeration Co. Ltd							
Zhejiang Sanhua Trading Co. Ltd	55,572,473.00	0.00			614,876.82	56,187,349.82	
Changzhou Lanke four-way valve co., LTD	62,541,614.60					62,541,614.60	
Hangzhou Leaderway Electronics Co., Ltd	53,215,278.51	0.00			680,585.57	53,895,864.08	
Shaoxing Shangyu Sanli Copper Industry Co., Ltd	32,945,551.72	0.00			125,990.36	33,071,542.08	
Zhongshan Sanhua Air conditioning Refrigeration Components Co., Ltd	5,295,293.38	0.00			71,735.77	5,367,029.15	
Wuhan Sanhua Refrigeration Components Co., Ltd	4,562,011.92	0.00			108,507.79	4,670,519.71	
Zhongshan Sanhua Refrigeration Components Co., Ltd	6,231,666.65	0.00			103,082.80	6,334,749.45	
Suzhou Sanhua Air-Conditioner Parts Co.,Ltd	8,862,983.31	0.00			58,473.62	8,921,456.93	
Sanhua New Energy Thermal Management		10,000,000.00				10,000,000.00	

Technology (Hangzhou) Co., Ltd.										
Total	6,408,397,046.5 3	510,000,000.0 0					11,615,345.6 3	6,930,012,392.1 6		

(2) Investments in associates and joint ventures

Unit: RMB

Investees	Opening balance (Carrying amount)	Changed amount of the current period								Closing balance (Carrying amount)	Closing balance of provision for impairment
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income	Changes in other equity	Cash dividend/ profit declared for distribution	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	1,540,339.99			27,138.52						1,567,478.51	
Chongqing Tainuo Machinery Co., Ltd.	13,659,135.38			3,207,288.16			2,000,000.00			14,866,423.54	
Nanchang Sanhua Jinlifeng Machinery Co., Ltd.	1,513,988.70			-34,463.17			225,000.00			1,254,525.53	
Ningbo Jinlifeng Machinery	1,512,151.41			379,901.80						1,892,053.21	

y Co., Ltd										
Qingdao Sanhua Jinlifeng Machiner y Co., Ltd.	329,853. 20	1,500,00 0.00		2,043,86 7.71					3,873,72 0.91	
Xinchang zhejiang energy sanhua comprehe nsive energy co. LTD	1,834,36 5.07			-24,144. 77					1,810,22 0.30	
Subtotal	20,389,8 33.75	1,500,00 0.00		5,599,58 8.25			2,225,000 .00		25,264,4 22.00	
Total	20,389,8 33.75	1,500,00 0.00		5,599,58 8.25			2,225,000 .00		25,264,4 22.00	

4. Operating revenue and Cost of sales

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	2,989,734,423.46	2,394,290,430.11	2,466,694,440.92	1,944,031,134.04
Other operations	203,593,432.84	189,144,584.74	191,238,142.54	161,701,041.53
Total	3,193,327,856.30	2,583,435,014.85	2,657,932,583.46	2,105,732,175.57

5. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	750,000,000.00	1,800,000.00
Investment income from long-term equity investments under equity	5,599,588.25	3,703,896.30

method		
Investment income of bank financing products	3,136,982.23	1,260,477.52
Gains and losses on settlement of futures contracts	2,520,275.99	13,415,131.42
Gains and losses on settlement of foreign exchange contract	-1,483,174.62	5,575,206.59
Income of fund using fee	6,798,711.79	6,369,877.53
Total	766,572,383.64	32,124,589.36

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	-2,160,081.08	
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)	42,675,116.00	
Gains or losses on changes in fair value of held-for-trading financial assets, held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets held-for-trading financial liabilities, and other debt investments, excluding those arising from hedging business related to operating activities	-74,467,851.85	In order to avoid the price risk of raw materials and prevent exchange rate risk, the company and its subsidiaries have carried out derivatives business, including futures contracts and foreign exchange forward contracts. And from January to June 2022, the futures loss was 9.5117 million yuan and the foreign exchange loss was 64.9561 million yuan; from January to June 2021, the futures income was 19.8287 million yuan and the foreign exchange income was 40.9239 million yuan. Therefore, the amount of non-recurring profit and loss items in the first half of the two years fluctuated greatly. Meanwhile, the exchange loss was 100.6505 million yuan from January to June 2022 and 51.1292 million yuan from January to June 2021. 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	2,794,581.35	

Other profit or loss satisfying the definition of non-recurring profit or loss	1,442,214.20	
Less: Enterprise income tax affected	-5,646,677.91	
Non-controlling interest affected	2,790,850.80	
Total	-26,860,194.27	--

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	8.74%	0.28	0.27
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	8.97%	0.29	0.28

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