



# **Anhui Zhongding Sealing Parts Co.,Ltd.**

## **Abstract of the Semi-Annual Report 2023**

Stock Abbreviation: Zhongding Stock

Stock Code: 000887

August 2023



## 1. Important statement

This is an abstract of the Semi-Annual Report 2023. Investors are suggested to read the complete version of the Semi-Annual Report 2023 on the media, which is designated by the China Securities Regulatory Commission(the "CSRC") to have a full understanding of operational results, financial statements, and future plans of the Company.Should there be any inconsistency between the Chinese version and English version, the Chinese version shall prevail.

All directors have attended this semi-annual report meeting of the board of directors.

Modified Audit Opinion

Applicable  N/A

The preliminary plan for dividend distribution and converting capital reserves into share capital for common shareholders which were considered and approved by the Board during the reporting period

Applicable  N/A

The company doesn't plan to distribute cash dividends、stock dividend and convert capital reserves into share capital.

The preliminary plan for dividend distribution for preferred shares in the reporting period was approved by the Board.

Applicable  N/A

## 2. The Basic Information of the Company

### A. Company profile

Stock Abbreviation	Zhongding Stock	Stock Code	000887
Stock Exchange Where the Shares of the Company are listed	ShenZhen Stock Exchange		
Contact Us	Board Secretary	Securities Affairs Representative	
Name	Jiang Weijian	Wang Songyuan	
Address	Economic and Technological Development Zone, Ningguo City, Anhui Province	Economic and Technological Development Zone, Ningguo City, Anhui Province	
Tel.	0563-4181887	0563-4181887	
Email	jiangwj@zhongdinggroup.com	wangsy@zhongdinggroup.com	

### B. The main financial data and financial indicator

Whether the Company performed a retroactive adjustment to or restatement of accounting data

Yes  No

	This reporting period	The same period of last year	Increase/decrease compared with previous year (%)
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## Anhui Zhongding Sealing Parts Co.,Ltd. Abstract of the Semi-Annual Report 2023

Operating income (RMB )	8,188,606,870.57	6,573,456,892.17	24.57%
Net profit attributable to shareholders of the listed company (RMB)	531,210,932.73	470,532,188.44	12.90%
Net Profit Attributable to Shareholders of the Listed Company after Deducting Nonrecurring Gains and Losses (RMB)	454,172,773.72	400,706,431.95	13.34%
Net cash flow from operating activities (RMB)	403,288,126.03	452,646,622.41	-10.90%
Basic earnings per share (RMB Yuan /share)	0.40	0.37	8.11%
Diluted earnings per share (RMB Yuan /share)	0.40	0.37	8.11%
Weighted average return on net assets	4.72%	4.78%	-0.06%
	End of the reporting period	End of same period of last year	Increase/decrease compared with the end of the previous year (%)
Total assets(RMB)	22,307,282,055.59	21,124,309,445.51	5.60%
Net assets attributable to shareholders of the listed Company (RMB)	11,527,503,321.09	11,168,127,264.81	3.22%

### C. The Number and Shareholdings of the Company's Shareholders

单位：股

Total number of common shareholders at the end of the Reporting Period		76,687	Total number of preferred shareholders with resumed voting rights at the end of the reporting period(If any)		0	
Top ten common shareholders						
Name of Shareholders	Nature of Shareholders	Shareholding percentage	Total shares held at the end of the reporting period	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
Anhui Zhongding Holding (Group) Co., LTD	Domestic non-state-owned corporation	40.46%	532,701,321		Pledged	142,500,000
Hong Kong Securities Clearing Co., Ltd.	Foreign Corporation	2.44%	32,096,664			
National Social Security Fund 102 portfolio	Others	1.44%	18,932,794			
Everyone Life Insurance Co., LTD. - Universal	Others	1.03%	13,604,990			

Anhui Zhongding Sealing Parts Co.,Ltd. Abstract of the Semi-Annual Report 2023

Products						
Abu Dhabi Investment Authority	Foreign Corporation	0.98%	12,937,063			
China Life Insurance Co Ltd.— Traditional— General insurance product-005L-CT001hu	Others	0.82%	10,776,881			
Miaosu	Domestic natural person	0.80%	10,519,602			
Ping An Bank Co., Ltd.-Boshi Growth Vanguard flexibly allocates hybrid securities investment funds	Others	0.75%	9,938,950			
Industrial and Commercial Bank of China Limited-Central European Times Pioneer equity sponsored securities investment fund	Others	0.65%	8,563,198			
Shanghai Pudong Development Bank Co.LTD-Yi Fang Da Yu Xiang return bond securities investment fund	Others	0.62%	8,118,072			
Explanation of the related relationship or concerted action of the above shareholders	The company does not know whether there is an associated relationship between the shareholders, and whether it is a person acting in concert stipulated in the "Administrative Measures for the Disclosure of Information on Changes in Shareholdings of Shareholders of Listed Companies".					
Description of shareholders participating in margin financing and securities lending business (if any)	As of June 30, 2023, one of the top 10 shareholders of the Company, Shareholder Miu Su, held 9,947,441 shares of the Company through the Customer Credit Transaction Secured Securities account of Huaxi Securities Co., LTD					

**D. Changes Of The Controlling Shareholder Or The Actual Controller**

Change of the controlling shareholder in the reporting period

Applicable  N/A

There was no any change of the controlling shareholder of the Company in the reporting period

Change of the actual controller in the reporting period

Applicable  N/A

There was no any change of the actual controller of the Company in the reporting period

**E. The Table Of The Total Number Of The Company's Preferred Shareholders And The Shareholding Situation Of Top 10 Preferred Shareholders**

Applicable  N/A

There is no shareholding of preferred shareholders during the reporting period.

**F. Status Of The Bonds Existing On The Date Of Approval Of The Semi-Annual Report**

Applicable  N/A

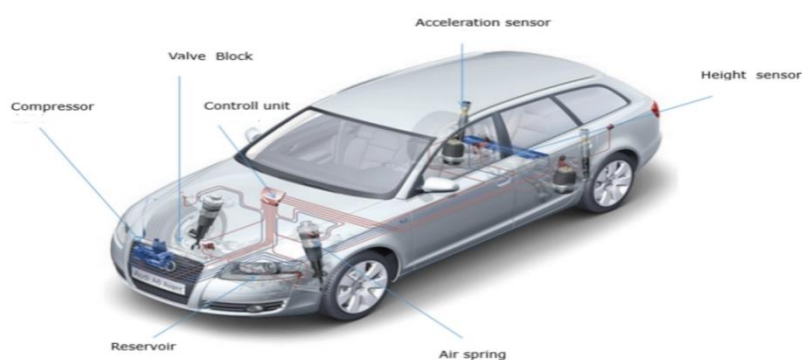
**3. Important Items**

The company continued to promote the cost control and refined management of overseas factories. Under the severe impact of the industry downturn and the external environment, the company further carried out a series of measures such as cost optimization and non-core business divestiture of overseas enterprises, which increased the recovery of overseas business speed and certainty; through continuous management improvement, domestic and foreign business has been fully restored and maintained a continuous positive growth trend and the company's overall profit gradually increased. On the basis of years of mutual adaptation with overseas enterprises, the company has gradually strengthened the strategy of management output and cultural output, upgraded from regional management to modular management, strengthened the cost control of overseas enterprises, promoted business integration and market expansion, at the same time, take advantage of the Chinese engineer bonus, and further accelerate technology absorption and innovation. While maintaining the steady growth of traditional businesses, the company continues to promote the growth of incremental businesses of air suspension systems, lightweight chassis systems, and fluid pipeline systems. Currently, the incremental business has a good momentum of development. The company will continue to focus on the core strategic goal of intelligent chassis system, and promote the company's business to move towards intelligence. The company continued to rank among the "Top 100 Global Auto Parts Industry" (ranked 95th).

**A. Intelligent Chassis system business-Air suspension system**

**a. Introduction of Products**

Compare to coil spring suspension, air suspension system has the advantage that the Spring stiffness can be adjusted according to different usage scenario. Base on the different road conditions and the input from the height and acceleration sensor, the ECU of ECAS system will identify the vehicle height change, the air height of air spring can be adjusted through the control the air compressor and valve block to realize the lift or lowering of the vehicle body. It can make the vehicle body more stable and improve the trafficability characteristic. The application of ECAS system can improve the comfort and the manoeuvrability of vehicle. The scope of ECAS includes air compressor, ECU, sensors, air springs, etc.



#### **b. Future Market potential**

With the advent of the era of new energy vehicles, the appeal of new energy vehicles intelligent, while chassis protection air suspension system is no longer the exclusive high-end models, because the new energy vehicle chassis system stability requirements are much higher than pure fuel vehicles, air suspension system has gradually become the mainstream configuration of the new energy vehicle platform.

Leading voice intelligent system, intelligent air suspension system and excellent automatic driving function are the core of current automobile intelligence. Tesla, NIO, Li Auto, Xiaopeng and other new emerging NEV manufacturers are also equipped with these technologies and intelligent functions such as air suspension systems. With the further improvement of air suspension system technology and the improvement of car owners' recognition of the ultimate experience of air suspension products, more and more cars will be equipped with air suspension systems to improve product superiority and customer satisfaction in the future.

In addition to the passenger car, developed countries in the vast majority of medium-sized passenger cars and

light commercial vehicles are used in the air suspension system, heavy truck in addition to the engineering car road transport vehicle almost all use air suspension in China in 2018 effective GB7258 *motor vehicle operation safety technical conditions* also require:"The rear axle of Dangerous goods transport trucks with a total mass greater than or equal to 12,000kg, all semi-trailers for transporting dangerous goods, as well as three-axle fence type, warehouse grid type Semi-trailers should be equipped with air suspension."

The air suspension system will gradually move from high-end to popular, and eventually become an indispensable part of cars, especially intelligent cars.

### **c. Company industry position and business promotion**

AMK Germany, as a high-end supplier of air suspension system, is one of the top three leaders in the industry. Since entering the field of air suspension system business in the 1990s, it has continuously improved the product assembly technology, and has been deeply engaged in the industry for more than 20 years, supporting the world's leading vehicle manufacturers such as Jaguar, Land Rover, Volvo, Audi, Benz, BMW etc.

The domestic air suspension market is in its infancy, and AMK China has been accelerating the improvement of the performance and cost optimization of the air suspension system supply chain in the Chinese passenger car market. AMK continued to develop steadily around the strategic goals of "localization promotion, technology iteration and upgrading, and industrial strengthening and completing". AMK China continues to promote the implementation of other self-produced hardware projects while launching air supply unit product assembly and production lines in succession to increase the proportion of self-produced hardware. Business of AMK China has made breakthrough progress, and it has also obtained orders from many domestic new emerging manufacturers and leading vehicle manufacturers. Up to now, AMK China has received orders with a total output value of 7.839 billion RMB, and it is expected to get more orders in the future, especially new energy vehicle orders.

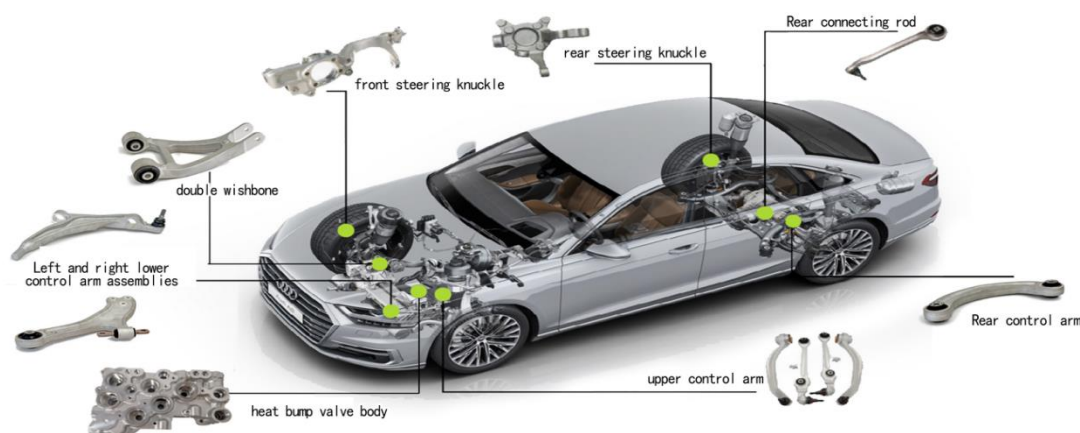
The company's subsidiary, Shanghai Dingyu Intelligent Technology Co., LTD, relies on the core advantages of Anhui Zhongding Holding Group Co., LTD. in the field of rubber formulation, research and development, focusing on the research and development and production of air springs, and will actively promote technological breakthroughs to further improve the performance of related products. At present, the production of air spring products has been completed, the production line equipment has been landed, and the relevant business cooperation is accelerating. At the same time, the company is also accelerating the development of other system hardware assembly products.

## **B. Intelligent Chassis System Business-Lightweight chassis system**

### **a. Introduction of Products**



Automotive metal parts are widely used in automotive chassis systems, including steering systems, suspension systems, braking systems and driving systems. The lightweight of automobiles has formed a broad consensus in the automobile manufacturing industry. The lightweight of the chassis plays a vital role in the performance of the whole vehicle. Lightweight chassis products such as aluminum alloy control arm assemblies have high value per vehicle, it is a core parts of operational stability and comfortability.



## b. Future market potential

Due to the needs of environmental protection and energy saving, the lightweight of automobiles has become the trend of automobile development in the world. The lightweight of automobiles is not only suitable for traditional fuel vehicles, for new energy electric vehicles, it is also very important to reduce body weight and achieve vehicle lightweight, because it is related to the main battery life of new energy vehicles. Experiments have shown that in terms of acceleration performance, it takes about 10 seconds for a 1.5-ton car to accelerate to a speed of 60 kilometers per hour; if the weight is reduced by 25%, it can be reduced to 8 seconds.

Lightweight the chassis, the benefits in terms of fuel consumption, handling, etc. far exceed the lightweight of other components at the same level. The mass of most components on the chassis is unsprung weight. Relatively speaking, the mass of the body (structural parts, reinforcements parts and coverings parts) is sprung weight. It is generally believed that the effect of the same magnitude of unsprung weight reduction is 5-15 times that of the sprung weight reduction. At the same time, lightening the unsprung weight increases the ratio of the sprung mass to the unsprung weight, which is equivalent to the athlete removing the sandbag tied to the legs, which can significantly improve the response speed and comfort of the car during acceleration, braking and steering.

### c. Company industry position and business promotion

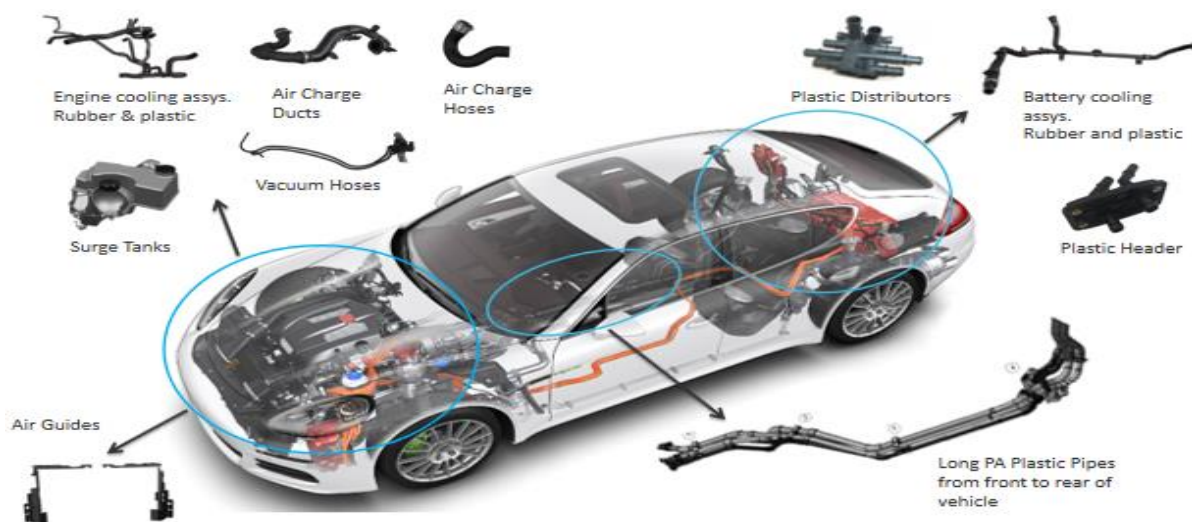
In recent years, the company has been vigorously developing chassis lightweight system assembly products, and the forged aluminum control arm assembly project has made breakthrough progress. At the same time, its subsidiary Sichuan Wangjin Company, whose core technology is the ball joint assembly product, is the core safety component and performance component of the chassis system. It has the world's leading technology and has a very high technical threshold.

With the continuous advancement of the company's lightweight chassis system assembly business, it has obtained orders from many traditional OEMs such as Mercedes-Benz, Changan, GAC, BYD, etc. At the same time, it has made breakthroughs in the business of leading new energy enterprises and obtained relevant orders.

## C. Fluid pipeline system

### a. Introduction of Products

German TFH, a subsidiary of the company, has been promoting R&D and production of thermal management pipeline products. On the basis of supporting traditional thermal management pipelines, TFH vigorously promotes the thermal management pipeline system assembly business of new energy vehicles, and actively expands the application of new materials in products. TFH vigorously develops the application of nylon pipes and TPV materials. Compared with traditional internal combustion engine pipes, the application of new technologies can make products lighter in weight, lower in cost, and more flexible in assembly. In addition, it can maintain good NVH and flexibility. With its innovative and technologically swift updating capabilities, TFH is able to respond to changes in hybrid and fuel cell vehicles and is actively engaged in advanced development projects with several OEMs customers.



### b. Future market potential

As the temperature control requirement for battery modules of the new energy vehicle is much higher than those of traditional vehicles, and also because of the absorption of TFH pipeline assembly technology, the single vehicle value of the company fluid management products has increased from about RMB300 for traditional

vehicles to nearly RMB1,000 for new energy vehicles and even about RMB1,500 for Range Extend New Energy vehicles. With the development of new energy vehicles, the market for fluid piping systems is also expanding rapidly.

**c. The company's industry status and business promotion**

The company has been promoting the R&D and production of thermal management pipeline products for many years, and its subsidiary German TFH is just an excellent supplier of thermal management pipeline assembly products for engines and new energy vehicle batteries. TFH has the exclusive production technology creatube process with independent patent and the core technology of TPV hose and nylon tube, which ranks among the top two in the world in the industry segment. The company vigorously promotes the business of thermal management pipeline system assembly for new energy vehicles, and currently it has been supplied to BMW, Volvo, Audi, Volkswagen, Geely, Xiaopeng and LI and other new energy vehicle platforms.

TFH China has now completed the establishment and began to expand the domestic market. In the future, the development of cooling pipeline assembly business will be dominated by German TFH. The company's previous projects have made great progress. In the future, it is expected to get more project designations, especially new energy vehicle projects.

The company's subsidiary Zhongding Fluid leads the development of new energy temperature control system assembly business, and actively distributes other thermal management products such as liquid cooling plates. At present, the company is actively promoting the landing of related products, and will accelerate the layout of temperature control system assembly field.

**D. Sealing System**

The company's subsidiaries, KACO GmbH + Co. KG in Germany, Cooper in the United States, and ACUSHNET in the United States, have the top three sealing technologies in the world. KACO actively promotes the portfolio for NEV on behalf of the companies under the sealing system, and has successfully developed and matched new energy motor seals of high-performance. At the same time, the company has developed the mass-produced products for new energy battery module sealing systems and electric axle assemblies now, which are delivered to NEV platforms of Volvo, NIO, SAIC, and GAC.

The automotive sealing industry is a high-tech barrier industry with extremely high requirements for reliability. Dynamic seal has the most difficult technology in the sealing industry, especially the high-speed oil seal for new energy vehicle motors, which represents the most advanced technical level in the global sealing industry. In recent years, the company has continued to increase the speed of business expansion, especially in the

American brand car and local brand customers, which has made great breakthroughs, and the industry market share has steadily increased.