**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**



**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **Zhejiang Sanhua Intelligent Controls Co., Ltd.**, you **should at once** hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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# ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

# 浙江三花智能控制股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2050)**

**2025 WORK REPORT OF THE BOARD OF THE COMPANY**
**2025 FINAL ACCOUNTS REPORT OF THE COMPANY**
**2025 ANNUAL REPORT AND ITS SUMMARY OF THE COMPANY**
**2025 PROFIT DISTRIBUTION PLAN OF THE COMPANY**
**RESOLUTION ON THE APPLICATION FOR COMPREHENSIVE CREDIT FACILITIES FROM BANKS FOR 2026**
**RESOLUTION ON CONDUCTING ASSET POOL BUSINESS**
**RESOLUTION ON THE ESTIMATED EXTERNAL GUARANTEE LIMITS BY THE COMPANY AND ITS SUBSIDIARIES FOR 2026**
**RESOLUTION ON THE RE-APPOINTMENT OF THE AUDIT FIRMS FOR 2026**
**RESOLUTION ON CONDUCTING FUTURES HEDGING BUSINESS**
**RESOLUTION ON CONDUCTING FOREIGN EXCHANGE HEDGING BUSINESS**
**RESOLUTION ON THE PURCHASE OF DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE**
**RESOLUTION ON THE GRANT OF A GENERAL MANDATE BY THE GENERAL MEETING TO THE BOARD TO ISSUE H SHARES OF THE COMPANY**
**RESOLUTION ON THE GRANT OF A GENERAL MANDATE BY THE GENERAL MEETING TO THE BOARD TO REPURCHASE H SHARES OF THE COMPANY**
**RESOLUTION ON THE FORMULATION OF THE MANAGEMENT MEASURES OF REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT**
**RESOLUTION ON THE 2026 REMUNERATION PLAN FOR DIRECTORS**
**RESOLUTION ON THE FORMULATION OF THE SHAREHOLDER DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2026–2028)**
**RESOLUTION ON THE APPOINTMENT OF AN ADDITIONAL NON-EXECUTIVE DIRECTOR**
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**RESOLUTION ON THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
**AND**
**NOTICE OF 2025 ANNUAL GENERAL MEETING**

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A notice convening the AGM of the Company to be held at Meeting Room, Office Building, Sanhua Industrial Park, No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang Province, PRC on Monday, June 29, 2026, at 2:00 p.m. is set out on pages 19 to 22 of this circular.

The form of proxy for the AGM has been distributed to the Shareholders who have indicated their wish to receive a printed copy on Monday, June 8, 2026 and has also been published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.zjshc.com). If you are not able to attend the AGM, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the AGM, and deposit it together with the notarized power of attorney or other document of authorization with the H Share Registrar, Computershare Hong Kong Investor Services Limited (for holders of H Shares). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) in person should you so desire.

This circular is prepared in both Chinese and English. In case of any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

June 8, 2026

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

| | |
|---|---|
| "A Share(s)" | the domestic ordinary share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and traded in RMB |
| "A Shareholder(s)" | holder(s) of the A Shares |
| "AGM" or "Annual General Meeting" | the 2025 annual general meeting of the Company to be held at Meeting Room, Office Building, Sanhua Industrial Park, No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang Province, PRC on Monday, June 29, 2026 at 2:00 p.m. |
| "Articles of Association" | the articles of association of the Company, as amended from time to time |
| "Board" or "Board of Directors" | the board of directors of the Company |
| "Company" | Zhejiang Sanhua Intelligent Controls Co., Ltd. (浙江三花智能控制股份有限公司), a joint stock limited company duly incorporated in the PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange under stock code 02050 and the A Shares of which are listed on the Shenzhen Stock Exchange under stock code 002050 |
| "Company Law" | the Company Law of the People's Republic of China |
| "CSRC" | the China Securities Regulatory Commission |
| "Director(s)" | the director(s) of the Company |
| "H Share(s)" | the overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars |
| "H Share Registrar" | Computershare Hong Kong Investor Services Limited |
| "H Shareholder(s)" | holder(s) of the H Shares |
| "HK$" or "Hong Kong dollars" | the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |

| | |
|---|---|
| "Hong Kong Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Latest Practicable Date" | June 3, 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| "Listing Date" | June 23, 2025, the date on which the H Shares were listed and from which dealings in the H Shares were first permitted on the Main Board of the Hong Kong Stock Exchange |
| "Main Board" | the stock exchange (excluding the options market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange |
| "PRC" or "China" | the People's Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "Securities Law" | the Securities Law of the People's Republic of China |
| "Share(s)" | the A Share(s) and/or the H Share(s) |
| "Shareholder(s)" | the shareholder(s) of the Company, including H Shareholder(s) and A Shareholder(s) |
| "Takeovers Code" | the Codes on Takeovers and Mergers and Share Buy-backs |

*All amounts stated are in Renminbi unless otherwise indicated in this circular.*

# ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.
# 浙江三花智能控制股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2050)**

*Executive Directors:*
Mr. Zhang Yabo *(Chairman of the Board)*
Mr. Wang Dayong
Mr. Ni Xiaoming
Mr. Chen Yuzhong

*Non-executive Directors:*
Mr. Zhang Shaobo
Mr. Ren Jintu

*Independent Non-executive Directors:*
Mr. Bao Ensi
Ms. Pan Yalan
Mr. Ge Jun

*Registered office:*
No. 219 Woxi Avenue
Chengtan Street, Xinchang
Shaoxing, Zhejiang Province
PRC

*Principal place of business in Hong Kong:*
46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

June 8, 2026

*To the Shareholders*

Dear Sir or Madam,

**2025 WORK REPORT OF THE BOARD OF THE COMPANY**
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**AND**
**NOTICE OF 2025 ANNUAL GENERAL MEETING**

## INTRODUCTION

The purpose of this circular is to provide you, as holders of H Shares, with the notice of the AGM (set out on pages 19 to 22 of this circular) and information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions or abstain from voting at the AGM.

At the AGM, ordinary resolutions will be proposed to approve: (1) 2025 work report of the Board of the Company; (2) 2025 final accounts report of the Company; (3) 2025 annual report and its summary of the Company; (4) 2025 profit distribution plan of the Company; (5) resolution on the application for comprehensive credit facilities from banks for 2026; (6) resolution on conducting asset pool business; (7) resolution on the estimated external guarantee limits by the Company and its subsidiaries for 2026; (8) resolution on the re-appointment of the audit firms for 2026; (9) resolution on conducting futures hedging business; (10) resolution on conducting foreign exchange hedging business; (11) resolution on the purchase of Directors' and senior management's liability insurance; (12) resolution on the formulation of the Management Measures of Remuneration for Directors and Senior Management; (13) resolution on the 2026 remuneration plan for Directors; (14) resolution on the formulation of the Shareholder Dividend Return Plan for the Next Three Years (2026 – 2028); (15) resolution on the appointment of an additional non-executive Director; (16) resolution on the appointment of an additional independent non-executive Director; (17) resolution on the 2026 remuneration plan for external non-executive Directors. In addition, special resolutions will be proposed to approve: (1) resolution on the grant of a general mandate by the general meeting to the Board to issue H Shares of the Company; (2) resolution on the grant of a general mandate by the general meeting to the Board to repurchase H Shares of the Company; and (3) resolution on the amendments to the Articles of Association.

## 1. 2025 WORK REPORT OF THE BOARD OF THE COMPANY

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 work report of the Board of the Company, the details of which are set out in Appendix I of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 2. 2025 FINAL ACCOUNTS REPORT OF THE COMPANY

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 final accounts report of the Company, the details of which are set out in Appendix II of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 3. 2025 ANNUAL REPORT AND ITS SUMMARY OF THE COMPANY

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 annual report and its summary of the Company. The Company's 2025 annual report was published on the Hong Kong Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.zjshc.com) on April 24, 2026.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 4. 2025 PROFIT DISTRIBUTION PLAN OF THE COMPANY

An ordinary resolution will be proposed at the AGM to consider and approve the 2025 profit distribution plan of the Company.

As audited by Pan-China Certified Public Accountants LLP, the net profit attributable to Shareholders of the parent company for 2025 was RMB4,062,891,412.10. The parent company achieved a net profit of RMB1,370,360,720.97 for 2025. A statutory reserve of 10% of the parent company's net profit in an amount of RMB137,036,072.10 was appropriated. Coupled with the undistributed profits at the beginning of the year of RMB1,836,924,867.90, less the cash dividends for 2024 paid by the Company to all Shareholders in an amount of RMB932,420,453.50, less the interim cash dividends for 2025 paid by the Company to all Shareholders in an amount of RMB504,746,185.68, the actual profit available for distribution to Shareholders for 2025 is RMB1,633,082,877.59.

The Company's profit distribution plan for 2025 is as follows: based on the share capital of 4,199,662,914 Shares, a cash dividend of RMB2.80 (tax inclusive) per 10 Shares will be distributed to all Shareholders, without issuance of bonus shares or conversion of capital reserves into share capital. A total of RMB1,175,905,615.92 will be distributed, and the Company's remaining undistributed profits will be carried forward to the next year.

*Note:* The Company's share capital is 4,208,013,935 Shares (comprising 3,731,477,535 A Shares and 476,536,400 H Shares). The number of A Shares repurchased is 8,351,021 Shares. According to the provisions of the Company Law, the Shares of the Company held by the Company through repurchase accounts are not entitled to the profit distribution or the conversion of capital reserves into share capital.

According to the provisions of the Company Law, the Shares of the Company held by the Company through repurchase accounts are not entitled to the profit distribution or the conversion of capital reserves into share capital. If the total share capital of the Company changes prior to implementation of the distribution plan due to share repurchases, vesting of equity incentives, listing of new Shares for refinancing, etc., the total distribution amount will be adjusted accordingly in the principle that the distribution proportion remains unchanged. This cash dividend will be denominated and declared in RMB, with dividends on A Shares paid in RMB and dividends on H Shares paid in Hong Kong dollars. The actual amount of the dividends on H Shares distributed in Hong Kong dollars will be calculated based on the central parity rate of RMB to Hong Kong dollars as announced by the People's Bank of China five business days prior to the date of the AGM.

The Company will pay the 2025 final dividend of RMB2.80 (inclusive of tax) per 10 Shares to holders of H Shares on Thursday, August 20, 2026. To determine the entitlement of H Shareholders to the 2025 final dividend, the H Share register of members of the Company will be closed from Thursday, July 9, 2026 to Tuesday, July 14, 2026 (both days inclusive), during which period no transfer of H Shares will be registered. The H Shareholders whose names appear on the H Share register of members of the Company on Tuesday, July 14, 2026 are entitled to the 2025 final dividend. In order to qualify for receiving the 2025 final dividend, all transfer documents accompanied by relevant share certificates must be lodged for registration with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, July 8, 2026.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 5. RESOLUTION ON THE APPLICATION FOR COMPREHENSIVE CREDIT FACILITIES FROM BANKS FOR 2026

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the application for comprehensive credit facilities from banks for 2026, the details of which are set out in Appendix III of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 6. RESOLUTION ON CONDUCTING ASSET POOL BUSINESS

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on conducting asset pool business, the details of which are set out in Appendix IV of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 7. RESOLUTION ON THE ESTIMATED EXTERNAL GUARANTEE LIMITS BY THE COMPANY AND ITS SUBSIDIARIES FOR 2026

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the estimated external guarantee limits by the Company and its subsidiaries for 2026, the details of which are set out in Appendix V of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 8. RESOLUTION ON THE RE-APPOINTMENT OF THE AUDIT FIRMS FOR 2026

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the re-appointment of the audit firms for 2026.

Based on the recommendation of the audit committee of the Board, the Board resolved to continue appointing Pan-China Certified Public Accountants LLP ("**Pan-China**") as its domestic auditor for 2026 and Confucius International CPA Limited ("**Confucius International**") as its overseas auditor for 2026, with both appointments having a term of one year.

Taking into account factors such as the complexity and operational circumstances of the Company's business, the estimated scope of the audit, the audit schedule, audit requirements, and the resources to be invested by the audit firm, the audit fees of Pan-China and Confucius International for audit services in 2026 are estimated to range between RMB4.5 million and RMB5.0 million (including the audit of the internal control report). Upon prudent consideration based on the facts and circumstances known as of the Latest Practicable Date, the Company considers that such audit fees are fair and reasonable.

It is further submitted to the AGM to authorize the Company's management to negotiate and determine the relevant audit fees with Pan-China and Confucius International based on the specific audit requirements and audit scope for 2026.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 9. RESOLUTION ON CONDUCTING FUTURES HEDGING BUSINESS

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on conducting futures hedging business, the details of which are set out in Appendix VI of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 10. RESOLUTION ON CONDUCTING FOREIGN EXCHANGE HEDGING BUSINESS

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on conducting foreign exchange hedging business, the details of which are set out in Appendix VII of this circular.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 11. RESOLUTION ON THE PURCHASE OF DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the purchase of Directors' and senior management's liability insurance, the details of which are set out in Appendix VIII of this circular.

The aforesaid resolution was considered by the Board on March 23, 2026, and all Directors of the Company abstained from voting on this resolution. It is hereby proposed at the AGM for consideration and approval.

## 12. RESOLUTION ON THE GRANT OF A GENERAL MANDATE BY THE GENERAL MEETING TO THE BOARD TO ISSUE H SHARES OF THE COMPANY

A special resolution will be proposed at the AGM to consider and approve the resolution on the grant of a general mandate by the general meeting to the Board to issue H Shares of the Company.

Pursuant to the provisions of the Company Law, the Securities Law, the Hong Kong Listing Rules, and the Articles of Association, in order to capitalize on market opportunities, maintain flexibility for the issuance of H Shares, and in accordance with the practice of A+H-listed companies, it is proposed that the AGM approve, by special resolution, the grant of an unconditional general mandate to the Board of the Company, and an authorization for the Board of the Company to decide, in light of market conditions and the Company's needs, to issue, allot, and deal with H Shares not exceeding 20% of the total number of Shares of the Company in issue (including A Shares and H Shares, but excluding treasury shares (as defined in the Hong Kong Listing Rules)) as of the date on which this resolution is passed at the AGM (including securities convertible into Shares and options, warrants, or similar rights to subscribe for any Shares of the Company or such convertible securities of the Company, and to sell or transfer any treasury shares).

As at the Latest Practicable Date, the Company's issued share capital comprised 3,731,477,535 A Shares with a par value of RMB1.00 each and 476,536,400 H Shares with a par value of RMB1.00 each, including 8,351,021 treasury A shares. Subject to the approval of the resolution on the general mandate, and assuming that the Company's issued share capital and treasury shares remain unchanged from the Latest Practicable Date until the AGM, the Company may allot up to 839,932,582 H Shares pursuant to the general mandate.

### I. Scope of the Mandate

The specific scope of the mandate includes, but is not limited to:

(I) To grant the Board of the Company an unconditional general mandate during the Relevant Period (as defined below) to determine, in light of market conditions and the Company's needs, to issue, allot, and deal with additional Shares in the Company's H Share capital (including securities convertible into H Shares and options, warrants, or similar rights to subscribe for any Shares of the Company or such convertible securities of the Company, and to sell or transfer any treasury shares), as well as to make or grant offers, agreements, options, and rights to exchange or convert Shares that may require the exercise of such powers (including authorizing the Board to make or grant such offers, agreements, options, and rights to exchange or convert Shares during the Relevant Period that may require the exercise of such powers after the expiration of the Relevant Period).

(II) The number of H Shares allotted or conditionally or unconditionally agreed to be allotted by the Board of the Company (whether pursuant to options or for any other reasons) shall not exceed 20% of the total number of issued Shares of the Company (including A Shares and H Shares, excluding treasury shares, if applicable) as of the date on which this resolution is passed at the AGM.

(III) To authorize the Board of the Company, in exercising the foregoing general mandate, to formulate and implement specific issuance plans, including but not limited to the pricing method and/or issue price (including the price range) of the proposed issuance, the number of Shares to be issued, the target subscribers, and the intended use of the proceeds, to determine the timing and duration of the issuance, and to decide whether to offer the Shares to existing Shareholders.

(IV) To authorize the Board of the Company to engage intermediaries in connection with the issuance, and to approve and execute all acts, deeds, documents, and other related matters necessary, appropriate, advisable, or relevant to the issuance; to consider, approve, and execute agreements related to the issuance on behalf of the Company, including but not limited to placement agreements, subscription agreements, and agreements for the engagement of intermediaries.

(V) To authorize the Board of the Company to consider, approve, and sign all statutory documents related to the issuance to be submitted to the relevant regulatory authorities on behalf of the Company. To complete the relevant approval procedures in accordance with the requirements of the regulatory authorities and the listing places of the Company's Shares, and all necessary filing, registration, and record-filing procedures with the relevant government departments in Hong Kong and/or any other region and jurisdiction (if applicable).

(VI) To authorize the Board of the Company to amend the specific issuance plan described in Item (III) above, as well as the relevant agreements and statutory documents described in Items (IV) and (V), in accordance with the requirements of domestic and overseas regulatory authorities.

(VII) To authorize the Board of the Company to approve an increase in the Company's registered capital following the issuance of new Shares and to amend the relevant provisions in the Articles of Association concerning total share capital, shareholding structure, and other related matters, and further authorize the Company's management to handle the relevant procedures.

**II. Period of the Mandate**

Except where the Board enters into or grants an offer, agreement, or option regarding the issuance of H Shares during the Relevant Period, and such offer, agreement, or option may need to be pursued or implemented after the end of the Relevant Period, the foregoing mandate shall not extend beyond the Relevant Period. The "Relevant Period" shall be the period commencing on the date on which this resolution is passed by a special resolution at the AGM and ending on the earlier of the following dates (the "**Relevant Period**"):

(I) the conclusion of the Company's 2026 annual general meeting; or

(II) the date on which any general meeting of the Company passes a special resolution to revoke or amend the mandate set forth in this resolution.

The Board of the Company may exercise the powers under the foregoing general mandate only in compliance with the Company Law and the Hong Kong Listing Rules (as amended from time to time), and subject to obtaining all necessary approvals from the CSRC and/or other relevant government authorities in the PRC.

It is also proposed to the general meeting to approve the Board's delegation, subject to the conditions of the aforementioned mandate and unless otherwise required by law, of the mandate to the chairman of the Company and his authorized representatives to jointly or individually sign, execute, amend, finalize, submit all agreements, contracts, and documents relating to the allotment, issuance, and dealing with the Shares under the general mandate.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

**13. RESOLUTION ON THE GRANT OF A GENERAL MANDATE BY THE GENERAL MEETING TO THE BOARD TO REPURCHASE H SHARES OF THE COMPANY**

A special resolution will be proposed at the AGM to consider and approve the resolution on the grant of a general mandate by the general meeting to the Board to repurchase H Shares of the Company. An explanatory statement containing certain information regarding the H Shares Repurchase Mandate (as defined below) is set out in Appendix IX of this circular.

Subject to compliance with the relevant provisions of the Company Law, the Securities Law, the Hong Kong Listing Rules, or any other applicable laws, regulations, and normative documents, as well as the Articles of Association, in order to enable the Company to repurchase Shares flexibly under appropriate circumstances, and having comprehensively considered market conditions, the Company's business operations, financial condition, and future development prospects, it is proposed that the AGM approve, by special resolution, the grant of a general mandate to the Board to repurchase H Shares of the Company (the "**H Shares Repurchase Mandate**"):

(1) To approve the grant of a general mandate to the Board, during the Relevant Period (as defined below), to repurchase H Shares not exceeding 10% of the total number of issued H Shares of the Company (excluding treasury shares, if any) as of the date on which this resolution is passed at the AGM, in accordance with market conditions and the Company's needs. H Shares repurchased pursuant to the H Shares Repurchase Mandate may be cancelled in accordance with the Hong Kong Listing Rules to reduce the Company's registered capital accordingly, or held as treasury shares (the Company may sell or transfer treasury H Shares held under the general mandate, and all Shares held as treasury shares shall retain their listing status).

(2) The scope of the mandate granted to the Board includes, but is not limited to:

a) formulating and implementing specific share repurchase plans, including, but not limited to, determining the timing, duration, price, and amount of the repurchase;

b) notifying creditors and making announcements (if required) in accordance with the provisions of the Company Law and other relevant laws, regulations, and normative documents, as well as the provisions of the Articles of Association;

c) opening overseas securities accounts and completing the corresponding foreign exchange registration procedures;

d) completing any relevant approval or filing procedures required by laws, regulations, regulatory authorities, or the stock exchanges where the Company's Shares are listed (if any);

e) in accordance with relevant laws, regulations, and the requirements of the Hong Kong Listing Rules, executing, signing, and adopting all documents, actions, matters or steps deemed appropriate, necessary, or proper relating to and give effect to the proposed Share repurchase;

f) depending on the actual repurchase circumstances, handling the transfer or cancellation (if required) of repurchased Shares, amending the relevant provisions of the Articles of Association regarding total share capital, shareholding structure, etc., completing the registration procedures for such amendments, and handling other documents and matters related to the repurchased Shares (if applicable); and

g) subject to the conditions of the aforementioned mandate and unless otherwise required by laws, the Board may delegate the aforementioned mandate to the chairman of the Company and his authorized representatives to jointly or individually sign, execute, amend, finalize, submit, and deal with matters relating to the repurchase of H Shares under the general mandate.

(3) Except where the Board resolves to repurchase H Shares during the Relevant Period and such repurchase plan may need to be pursued or implemented after the end of the Relevant Period, the aforementioned H Shares Repurchase Mandate shall not extend beyond the Relevant Period. The "Relevant Period" shall be the period commencing on the date on which this resolution is passed at the AGM and ending on the earlier of the following dates (the "**Relevant Period**"):

a) the date of the conclusion of the Company's 2026 annual general meeting; or

b) the date on which a special resolution is passed at any general meeting of the Company to revoke or amend the general mandate granted to the Board under this resolution.

The aforesaid resolution was considered and approved by the Board on March 23, 2026 and is hereby proposed at the AGM for consideration and approval.

## 14. RESOLUTION ON THE FORMULATION OF THE MANAGEMENT MEASURES OF REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the formulation of the Management Measures of Remuneration for Directors and Senior Management.

To ensure that the Company's Directors and senior management perform their duties in accordance with the law, to improve the Company's remuneration management system, and to establish a scientific and effective incentive and accountability mechanism, the Company has formulated the Management Measures of Remuneration for Directors and Senior Management in accordance with the relevant provisions of laws and regulations such as the Company Law, the Code of Corporate Governance for Listed Companies, and the Measures for the Administration of Independent Directors of Listed Companies, as well as the Articles of Association. Further details are set out in Appendix X of this circular.

The aforesaid resolution was considered and approved by the Board on April 29, 2026 and is hereby proposed at the AGM for consideration and approval.

## 15. RESOLUTION ON THE 2026 REMUNERATION PLAN FOR DIRECTORS

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the 2026 remuneration plan for Directors, the details of which are set out in Appendix XI of this circular.

The aforesaid resolution was considered by the Board on April 29, 2026, and all Directors of the Company abstained from voting on this resolution. It is hereby proposed at the AGM for consideration and approval.

## 16. RESOLUTION ON THE FORMULATION OF THE SHAREHOLDER DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2026 – 2028)

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the formulation of the Shareholder Dividend Return Plan for the Next Three Years (2026 – 2028).

The Company is committed to its own sustainable development, while placing great emphasis on providing Shareholders with reasonable returns on investments, with a focus on the stability and continuity of returns. To further regulate the Company's dividend distribution practices, ensure reasonable returns on investment for Shareholders, and enhance the transparency and practicality of dividend distribution decisions, in accordance with the relevant laws, regulations, and normative documents such as the CSRC's Guidelines for Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies, as well as the relevant provisions of the Articles of Association, and after comprehensively considering factors such as the Company's profitability, financial condition, business development plans, and Shareholder returns, the Company has formulated the Shareholder Return Plan for the Next Three Years (2026 – 2028). Further details are set out in Appendix XII of this circular.

The aforesaid resolution was considered and approved by the Board on April 29, 2026 and is hereby proposed at the AGM for consideration and approval.

## 17. RESOLUTION ON THE APPOINTMENT OF AN ADDITIONAL NON-EXECUTIVE DIRECTOR

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the appointment of an additional non-executive Director.

On June 5, 2026, the Board considered and approved the relevant resolution relating to the nomination of Mr. Shi Jianhui ("**Mr. Shi**") as a candidate for non-executive Director of the eighth session of the Board of the Company.

The biographical details of Mr. Shi are as follows:

**Shi Jianhui (石建輝)**, aged 54, holds a master's degree. Mr. Shi served as the chairman of the board of Minth Group Limited (敏實集團有限公司 (00425.HK)) and a director of Beijing LiangDao Automotive Technology Co., Ltd. (北京亮道智能汽車技術有限公司). He currently serves as the managing partner of Ningbo Meishan Bonded Area Xiaozhi Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區小智創業投資合夥企業(有限合夥)), a director of BioMintec Environment (Shanghai) Co., Ltd. (柏美智慧科技(上海)股份有限公司), the managing partner of Ningbo Lingdong Venture Capital Partnership (Limited Partnership) (寧波靈動創業投資合夥企業(有限合夥)), a director of Shanghai SDRIVE Technology Co., Ltd. (上海時駕科技有限公司) and the managing partner of Hangzhou Chishi Enterprise Management Consulting Partnership (Limited Partnership) (杭州赤石企業管理諮詢合夥企業(有限合夥)). He has served as an independent director of AAPICO Hitech Public Company Limited (AH.BK) since June 2022, an independent director of Ningbo Fangzheng Tod Co., Ltd. (寧波方正汽車模具股份有限公司 (300998.SZ)) since December 2023 and as an independent non-executive director of Haitian International Holdings Limited (海天國際控股有限公司 (01882.HK)) since May 2026. He has been the Company's independent non-executive Director since June 2020.

The appointment of Mr. Shi is subject to consideration and approval at the AGM. The term of office of Mr. Shi shall commence from the date of approval at the AGM and end on the expiration of the term of the eighth session of the Board. Subject to the approval of his appointment at the AGM, the Company will enter into a service agreement with Mr. Shi. In accordance with the Company Law, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations as well as the Articles of Association, and taking into account the Company's actual operating conditions and the remuneration level of the industry, the Board proposes that Mr. Shi's annual allowance for 2026 be RMB160,000 (before tax), which is subject to consideration and approval at the AGM. The remuneration is not covered in the service agreement.

Save as disclosed above, Mr. Shi did not hold any directorships in any other listed companies in the last three years. Mr. Shi does not hold any positions with any members of the Group and does not have any relationships with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Shi does not hold any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong). There is no other information relating to the proposed appointment of Mr. Shi that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders of the Company.

The aforesaid resolution was considered and approved by the Board on June 5, 2026 and is hereby proposed at the AGM for consideration and approval.

## 18. RESOLUTION ON THE APPOINTMENT OF AN ADDITIONAL INDEPENDENT NON-EXECUTIVE DIRECTOR

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the appointment of an additional independent non-executive Director.

On June 5, 2026, the Board considered and approved the relevant resolution relating to the nomination of Mr. Shao Shuangquan ("**Mr. Shao**") as a candidate for independent non-executive Director of the eighth session of the Board of the Company.

The biographical details of Mr. Shao are as follows:

**Shao Shuangquan (邵雙全)**, aged 51, received his doctoral degree in Engineering from Tsinghua University. He is currently a professor and doctoral supervisor at the School of Energy and Power Engineering at Huazhong University of Science and Technology (華中科技大學能源與動力工程學院). He served as a postdoctoral researcher, associate researcher and project researcher at the Technical Institute of Physics and Chemistry of the Chinese Academy of Sciences (中國科學院理化技術研究所). He also served as the director of air conditioning R&D at the R&D Centre of LG Electronics (Tianjin) Appliances Co., Ltd. (樂金電子(天津)電器有限公司研發中心) and as a senior researcher at the Digital Appliance Company Research Lab of LG Electronics (LG電子家電事業本部研究所). Mr. Shao has long been dedicated to the fields of refrigeration and heating, ventilation and air conditioning, data center thermal management, high-efficiency energy-saving technologies and others. He led a number of national-level scientific research projects, including those funded by the National Natural Science Foundation of China and the National Key Research and Development Program, and received various major awards, including the Second Prize of the State Science and Technology Progress Award (國家科學技術進步獎) and the First Prize of the China Machinery Industry Science and Technology Award (中國機械工業科學技術獎). He also holds several academic positions, including serving as a member of the National Technical Committee on Refrigeration Standardization (SAC/TC119). He possesses a solid professional background, outstanding research capabilities and extensive industry experience.

Mr. Shao has confirmed that: (i) he has satisfied all the independence criteria as set out in Rules 3.13(1) to (8) of the Hong Kong Listing Rules; (ii) he has no past or present financial or other interest in the business of the Group, and has no connection with any core connected persons (as defined in the Hong Kong Listing Rules) of the Company; and (iii) there are no other factors that may affect his independence. The Board and the nomination committee are of the view that Mr. Shao meets the independence criteria for independent non-executive directors as set out in Rule 3.13 of the Hong Kong Listing Rules and consider him to be independent of the Company.

The appointment of Mr. Shao shall be subject to consideration and approval at the AGM. The term of office of Mr. Shao shall commence from the date of approval at the AGM and end on the expiration of the term of the eighth session of the Board. Subject to the approval of his appointment at the AGM, the Company will enter into a service agreement with Mr. Shao. In accordance with the Company Law, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations as well as the Articles of Association, and taking into account the Company's actual operating conditions and the remuneration level of the industry, the Board proposes that Mr. Shao's annual allowance for 2026 be RMB160,000 (before tax). The remuneration is not covered in the service agreement.

Save as disclosed above, Mr. Shao did not hold any directorships in any other listed companies in the last three years. Mr. Shao does not hold any positions with any members of the Group and does not have any relationships with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Shao does not hold any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong). There is no other information relating to the proposed appointment of Mr. Shao that is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders of the Company.

In accordance with the board diversity policy and the nomination policy of the Company, the nomination committee has reviewed Mr. Shao's occupation, academic qualifications, professional titles, detailed work experience, all concurrent positions as well as eligibility, and submitted recommendations regarding the candidate for independent non-executive Director to the Board. Having reviewed Mr. Shao's professional competence for serving as an independent non-executive Director, the Board is of the view that, with his extensive experience in refrigeration and heating, ventilation and air conditioning, data center thermal management and high-efficiency energy-saving technologies (as described in his biography set out in this circular), his appointment will bring valuable perspectives, knowledge, skills and experience to the Board to ensure the efficient and effective operation of the Board, and will facilitate the Board to achieve diversity, which is conducive to the compliant operation and healthy and sustainable development of the Company.

The aforesaid resolution was considered and approved by the Board on June 5, 2026 and is hereby proposed at the AGM for consideration and approval.

## 19. RESOLUTION ON THE 2026 REMUNERATION PLAN FOR EXTERNAL NON-EXECUTIVE DIRECTORS

An ordinary resolution will be proposed at the AGM to consider and approve the resolution on the 2026 remuneration plan for external non-executive Directors, the details of which are set out in Appendix XIII of this circular.

The aforesaid resolution was considered and approved by the Board on June 5, 2026 and is hereby proposed at the AGM for consideration and approval.

## 20. RESOLUTION ON THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the AGM to consider and approve the resolution on the amendments to the Articles of Association.

In light of the resignation of Mr. Shi as an independent non-executive Director due to the impending expiration of his tenure of office, and for the purpose of further optimising the Company's corporate governance structure, the Board proposes to appoint one non-executive Director and one independent non-executive Director. Subject to the consideration and approval of the relevant director appointments by the Shareholders by way of ordinary resolutions at the AGM, the number of Directors on the eighth session of the Board of the Company will be adjusted to eleven, among which the number of non-executive Directors will be adjusted to three.

Based on the foregoing adjustment to the composition of the Board, the Company proposes to amend the relevant provisions of the Articles of Association (the "**Proposed Amendments**"). The details of the Proposed Amendments are as follows:

| Before amendment | After amendment |
|---|---|
| **Article 111** The board of directors shall consist of **ten** directors, comprising four executive directors, **two** non-executive directors and four independent non-executive directors. The Company shall have one chairman, who shall be elected by a majority of all directors of the board of directors. | **Article 111** The board of directors shall consist of **eleven** directors, comprising four executive directors, **three** non-executive directors and four independent non-executive directors. The Company shall have one chairman, who shall be elected by a majority of all directors of the board of directors. |

Except for the Proposed Amendments, the other provisions of the Articles of Association remain unchanged. The Articles of Association are prepared in Chinese. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

The Proposed Amendments to the Articles of Association are subject to the consideration and approval by the Shareholders by way of a special resolution at the AGM. The amended Articles of Association will take effect on the date of approval at the AGM. The current Articles of Association shall remain in full force and effect until then.

The aforesaid resolution was considered and approved by the Board on June 5, 2026 and is hereby proposed at the AGM for consideration and approval.

## AGM

The AGM will be held at Meeting Room, Office Building, Sanhua Industrial Park, No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang Province, PRC on Monday, June 29, 2026 at 2:00 p.m. The notice of the AGM is set out on pages 19 to 22 of this circular.

The H Share register of members of the Company will be closed from Wednesday, June 24, 2026 to Monday, June 29, 2026 (both days inclusive). Holders of Shares whose names appear on the register of members of H Shares of the Company on Monday, June 29, 2026 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM. In order to attend the AGM, holders of H Shares should ensure that all transfer documents, accompanied by relevant share certificates, are lodged with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, before 4:30 p.m. on Tuesday, June 23, 2026.

The form of proxy for the AGM has been distributed to the Shareholders who have indicated their wish to receive a printed copy on Monday, June 8, 2026 and has also been published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.zjshc.com).

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time appointed for the AGM (i.e. before 2:00 p.m. on Sunday, June 28, 2026). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) in person if you so wish.

## HONG KONG LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, voting for all resolutions at the AGM will be taken by way of a poll.

As at the Latest Practicable Date, to the best knowledge of the Directors, the related Shareholders, namely, Sanhua Holding Group Co., Ltd., Zhejiang Sanhua Green Energy Industrial Group Co., Ltd., Mr. Zhang Yabo, Mr. Wang Dayong, Mr. Ni Xiaoming and Mr. Chen Yuzhong, are required to abstain from voting on resolutions 11 and 15 set forth in the notice of the AGM; and Mr. Yu Yingkui and Ms. Li Zhimi are required to abstain from voting on resolution 11 set forth in the notice of the AGM. Save as disclosed herein, no Shareholder has a material interest in any of the resolutions and therefore no Shareholder is required to abstain from voting in respect of any of the resolutions at the AGM.

## RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement herein misleading.

## RECOMMENDATION

The Board considers that the resolutions mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders to vote in favour of the relevant resolutions at the AGM as set out in the notice of AGM as attached to this circular.

## ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices I to XIII to this circular.

Yours faithfully,
By order of the Board
**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
**Zhang Yabo**
*Chairman of the Board and Executive Director*

# ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.
# 浙江三花智能控制股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2050)**

## NOTICE OF 2025 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2025 annual general meeting (the "**AGM**") of Zhejiang Sanhua Intelligent Controls Co., Ltd. (the "**Company**") will be held at Meeting Room, Office Building, Sanhua Industrial Park, No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang Province, the People's Republic of China on Monday, June 29, 2026 at 2:00 p.m., and any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise specified, terms used in this notice shall have the same meanings as defined in the circular (the "**Circular**") of the Company dated June 8, 2026.

**ORDINARY RESOLUTIONS:**

1. To consider and approve the 2025 work report of the Board of the Company

2. To consider and approve the 2025 final accounts report of the Company

3. To consider and approve the 2025 annual report and its summary of the Company

4. To consider and approve the 2025 profit distribution plan of the Company

5. To consider and approve the resolution on the application for comprehensive credit facilities from banks for 2026

6. To consider and approve the resolution on conducting asset pool business

7. To consider and approve the resolution on the estimated external guarantee limits by the Company and its subsidiaries for 2026

8. To consider and approve the resolution on the re-appointment of the audit firms for 2026

9. To consider and approve the resolution on conducting futures hedging business

10. To consider and approve the resolution on conducting foreign exchange hedging business

11. To consider and approve the resolution on the purchase of Directors' and senior management's liability insurance

**SPECIAL RESOLUTIONS:**

12. To consider and approve the resolution on the grant of a general mandate by the general meeting to the Board to issue H Shares of the Company

13. To consider and approve the resolution on the grant of a general mandate by the general meeting to the Board to repurchase H Shares of the Company

**ORDINARY RESOLUTIONS:**

14. To consider and approve the resolution on the formulation of the Management Measures of Remuneration for Directors and Senior Management

15. To consider and approve the resolution on the 2026 remuneration plan for Directors

16. To consider and approve the resolution on the formulation of the Shareholder Dividend Return Plan for the Next Three Years (2026–2028)

17. To consider and approve the resolution on the appointment of an additional non-executive Director

18. To consider and approve the resolution on the appointment of an additional independent non-executive Director

19. To consider and approve the resolution on the 2026 remuneration plan for external non-executive Directors

**SPECIAL RESOLUTION:**

20. To consider and approve the resolution on the amendments to the Articles of Association

By order of the Board
**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
**Zhang Yabo**
*Chairman of the Board and Executive Director*

Hong Kong, June 8, 2026

*Notes:*

**1. Eligibility for attending the AGM and date of registration of H Shareholders**

The H Share register of members of the Company will be closed from Wednesday, June 24, 2026 to Monday, June 29, 2026 (both days inclusive). Holders of Shares whose names appear on the register of members of H Shares of the Company on Monday, June 29, 2026 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM. In order to attend the AGM, holders of H Shares should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, before 4:30 p.m. on Tuesday, June 23, 2026.

**2. Proposed distribution of the 2025 final dividend and the record date for H Shareholders**

The Company will pay the 2025 final dividend of RMB2.80 (inclusive of tax) per 10 Shares to holders of H Shares on Thursday, August 20, 2026. To determine the entitlement of H Shareholders to the 2025 final dividend, the H Share register of members of the Company will be closed from Thursday, July 9, 2026 to Tuesday, July 14, 2026 (both days inclusive). The H Shareholders whose names appear on the H Share register of members of the Company on Tuesday, July 14, 2026 are entitled to the 2025 final dividend. In order to qualify for receiving the 2025 final dividend, all transfer documents accompanied by relevant share certificates must be lodged for registration with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders) at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, July 8, 2026.

**3. Proxy**

(1) Each Shareholder entitled to attend and vote at the AGM may appoint one or more proxies in writing to attend and vote on his/her/their behalf. A proxy need not be a Shareholder of the Company.

(2) The instrument appointing a proxy must be signed under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or signed by a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized.

To be valid, for holders of H Shares, the form of proxy and notarized power of attorney or other document of authorization must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time appointed for the AGM (i.e. before 2:00 p.m. on Sunday, June 28, 2026).

(3) Any voting at the AGM shall be taken by poll.

**4. Registration procedures for attending the AGM**

A Shareholder or his/her proxy should present proof of identity when attending the AGM. If a Shareholder is a legal person, its legal representative or other person authorized by the board of directors or other governing body of such Shareholder may attend the AGM by providing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.

**5. Voting by poll**

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. For the avoidance of doubt and for the purposes of the Hong Kong Listing Rules, holders of treasury shares (if any) are required to abstain from voting on the matters to be approved by Shareholders at the general meetings of the Company.

**6. Miscellaneous**

(1) The AGM is expected to be held for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.

(2) The registered office of the Company:

No. 219 Woxi Avenue
Chengtan Street, Xinchang
Shaoxing, Zhejiang Province
The People's Republic of China

Contact telephone: 0575-86255360
Email: shc@zjshc.com
Contact person: Zhang Yuqing (張宇青)

(3) For details of the resolutions submitted to the AGM for consideration and approval, please refer to the circular of the Company dated June 8, 2026.

*As at the date of this notice, the Board comprises: (i) Mr. Zhang Yabo, Mr. Wang Dayong, Mr. Ni Xiaoming and Mr. Chen Yuzhong as executive Directors; (ii) Mr. Zhang Shaobo and Mr. Ren Jintu as non-executive Directors and (iii) Mr. Bao Ensi, Ms. Pan Yalan and Mr. Ge Jun as independent non-executive Directors.*

# 2025 WORK REPORT OF THE BOARD

In 2025, the Board of the Company strictly adhered to laws and regulations such as the Company Law and the Securities Law, as well as the relevant provisions of the Articles of Association. It conscientiously fulfilled the duties entrusted by the general meeting, operated in a standardized manner, fully leveraged the independence of independent Directors, made scientific decisions, and closely focused on the Company's strategic development goals. The Board continuously improved the corporate governance structure, established and enhanced internal management and control systems, carried out corporate governance activities in a sustained and in-depth manner, continuously standardized the Company's operations and strengthened corporate governance standards. The Board's work is presented as follows:

## I. ANALYSIS OF OVERALL OPERATING PERFORMANCE

During the reporting period, the Company achieved operating revenue of RMB31.012 billion, representing a year-on-year increase of 10.97%; operating profit reached RMB4.859 billion, representing a year-on-year increase of 30.98%; net profit attributable to Shareholders of the listed company amounted to RMB4.063 billion, representing a year-on-year increase of 31.10%. By product segment, revenue from the refrigeration and air-conditioning product components business amounted to RMB18.585 billion, representing a year-on-year increase of 12.22%; revenue from the automotive components business amounted to RMB12.427 billion, representing a year-on-year increase of 9.14%.

## II. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

| | 2025 | 2024 | Year-on-year Change | 2023 |
|---|---|---|---|---|
| Operating revenue *(RMB)* | 31,011,744,510.27 | 27,947,164,515.93 | 10.97% | 24,557,802,066.59 |
| Net profit attributable to Shareholders of the listed company *(RMB)* | 4,062,891,412.10 | 3,099,165,128.06 | 31.10% | 2,920,992,940.01 |
| Net profit attributable to Shareholders of the listed company, excluding non-recurring gains and losses *(RMB)* | 3,965,495,372.03 | 3,117,935,212.81 | 27.18% | 2,917,029,188.01 |
| Net cash flow from operating activities *(RMB)* | 5,090,762,717.98 | 4,366,630,948.36 | 16.58% | 3,723,964,354.63 |
| Basic earnings per Share *(RMB/Share)* | 1.03 | 0.84 | 22.62% | 0.81 |
| Diluted earnings per Share *(RMB/Share)* | 1.03 | 0.84 | 22.62% | 0.81 |
| Weighted average return on net assets | 15.79% | 16.77% | −0.98% | 19.18% |

| | End of 2025 | End of 2024 | Change compared with the end of the previous year | End of 2023 |
|---|---|---|---|---|
| Total assets *(RMB)* | 49,406,130,603.74 | 36,354,748,426.21 | 35.90% | 31,890,584,773.41 |
| Net assets attributable to Shareholders of the listed company *(RMB)* | 31,748,926,577.96 | 19,297,769,106.48 | 64.52% | 17,894,403,984.79 |

## III. OPERATING REVENUE AND COSTS

*Unit: RMB*

| | Operating revenue | Operating costs | Gross profit margin | Year-on-year change in operating revenue | Year-on-year change in operating costs | Year-on-year change in gross profit margin |
|---|---|---|---|---|---|---|
| By industry | | | | | | |
| General equipment manufacturing industry | 31,011,744,510.27 | 22,087,497,052.41 | 28.78% | 10.97% | 8.97% | 1.31% |
| By product | | | | | | |
| Refrigeration and air-conditioning product components business | 18,584,743,718.09 | 13,238,149,193.04 | 28.77% | 12.22% | 10.03% | 1.42% |
| Automotive components business | 12,427,000,792.18 | 8,849,347,859.37 | 28.79% | 9.14% | 7.41% | 1.15% |
| By region | | | | | | |
| Domestic sales | 17,688,255,578.87 | 12,918,945,187.44 | 26.96% | 14.51% | 12.40% | 1.37% |
| Overseas sales | 13,323,488,931.40 | 9,168,551,864.97 | 31.19% | 6.58% | 4.47% | 1.40% |

## IV. DAILY OPERATIONS OF THE BOARD

### (I) Board Meetings during the Reporting Period

1. In 2025, the Board of the Company held a total of 14 meetings, as detailed below:

| Meeting Session | Date | Date of Publication in Newspapers and Disclosure of the Meeting Agenda or Resolutions |
|---|---|---|
| The 31st meeting of the 7th session of the Board | March 25, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on March 27, 2025 |
| The 1st extraordinary meeting of the 8th session of the Board | April 16, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on April 17, 2025 |
| The 2nd extraordinary meeting of the 8th session of the Board | April 29, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on April 30, 2025 |

| Meeting Session | Date | Date of Publication in Newspapers and Disclosure of the Meeting Agenda or Resolutions |
|---|---|---|
| The 3rd extraordinary meeting of the 8th session of the Board | June 4, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on June 5, 2025 |
| The 4th extraordinary meeting of the 8th session of the Board | June 30, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on July 1, 2025 |
| The 5th extraordinary meeting of the 8th session of the Board | July 10, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on July 11, 2025 |
| The 6th extraordinary meeting of the 8th session of the Board | July 30, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on July 31, 2025 |
| The 7th meeting of the 8th session of the Board | August 28, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on August 29, 2025 |
| The 8th extraordinary meeting of the 8th session of the Board | September 19, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on September 20, 2025 |
| The 9th extraordinary meeting of the 8th session of the Board | October 17, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on October 18, 2025 |
| The 10th meeting of the 8th session of the Board | October 30, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on October 31, 2025 |
| The 11th extraordinary meeting of the 8th session of the Board | October 31, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on November 1, 2025 |
| The 12th extraordinary meeting of the 8th session of the Board | November 27, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on November 28, 2025 |
| The 13th extraordinary meeting of the 8th session of the Board | December 17, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on December 18, 2025 |

2. In 2025, in addition to considering routine matters such as periodic reports, final accounting reports, profit distribution plans, self-assessment reports on internal controls, and related party transactions, the Board of the Company primarily considered the following major matters:

   (1) The Company's H Share global offering (including the Hong Kong public offering and the international offering) and the related arrangements for listing on the Hong Kong Stock Exchange;

   (2) The vesting conditions for the third vesting period of the Company's 2022 Restricted Share Incentive Scheme have been satisfied, resulting in the release of 6,672,000 restricted Shares held by 1,265 participants;

   (3) The vesting conditions for the first vesting period of the Company's 2024 Restricted Share Incentive Scheme have been satisfied, resulting in the release of 7,252,500 restricted Shares held by 1,844 participants;

   (4) The Company's entering into of the 2026 Provision of Products Framework Agreement and the Procurement of Materials Framework Agreement with Sanhua Holding Group Co., Ltd.

**(II) The Board's Convening of General Meetings during the Reporting Period**

1. In 2025, the Board of the Company held a total of 3 general meetings, as detailed below:

| Meeting Session | Date | Date of Publication in Newspapers and Disclosure of Meeting Agenda or Resolutions |
|---|---|---|
| 2024 annual general meeting | April 16, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on April 17, 2025 |
| 1st extraordinary general meeting of 2025 | August 21, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on August 22, 2025 |
| 2nd extraordinary general meeting of 2025 | December 17, 2025 | The resolutions of the meeting were published in the Securities Times and the Shanghai Securities News on December 18, 2025 |

2. In 2025, the general meetings convened by the Board of the Company primarily considered the following major matters:

   (1) Profit distribution plan:

   The Company's 2024 profit distribution plan: Based on the Company's actual distributable share capital of 3,729,681,814 Shares at that time, a cash dividend of RMB2.50 (tax inclusive) was distributed for every 10 Shares to all Shareholders.

   The Company's 2025 interim profit distribution plan: Based on the Company's actual distributable share capital of 4,199,662,914 Shares at that time, a cash dividend of RMB1.20 (tax inclusive) was distributed for every 10 Shares to all Shareholders.

   (2) Provision of a total guarantee limit of no more than RMB7.7 billion for the Company's controlling subsidiaries in 2025;

   (3) Re-appointment of Pan-China Certified Public Accountants LLP as the Company's domestic audit firm for 2025 and appointment of Confucius International CPA Limited as the Company's overseas audit firm for 2025;

   (4) Election of Zhang Yabo, Wang Dayong, Ren Jintu, Ni Xiaoming, Chen Yuzhong and Zhang Shaobo as non-independent Directors of the Company's 8th session of the Board; election of Bao Ensi, Shi Jianhui, Pan Yalan and Ge Jun as independent Directors of the Company's 8th session of the Board, with a term of three years, with Ge Jun's term commencing on the date the Company's H Shares are listed and traded on the Hong Kong Stock Exchange and ending on the date of expiry of the 8th session of the Board;

   (5) Settlement of the "Construction Project for Annual Production of 65 million sets of Commercial Refrigeration and Air-conditioning Intelligent Control Components" and the "Technical Transformation Project for Annual Production of 50.5 million sets of High-efficiency Energy-saving Refrigeration and Air-conditioning Control Components"; the remaining proceeds from the "Technical Transformation Project for Annual Production of 50.5 million sets of High-efficiency Energy-saving Refrigeration and Air-conditioning Control Components" will be used to invest in the new fundraising project "Zhejiang Sanhua Intelligent Drive Future Industry Center Construction Project", and the remaining proceeds from the "Construction Project for Annual Production of 65 million sets of Commercial Refrigeration and Air-conditioning Intelligent Control Components" will be permanently used to supplement working capital for the Company's daily production and business operations;

(6) Repurchase and cancellation of restricted Shares:

The Company has completed the repurchase and cancellation of all 198,000 restricted Shares held by 51 ineligible participants under the 2022 Restricted Share Incentive Scheme; it has also completed the repurchase and cancellation of a total of 714,000 restricted Shares held in whole or in part by 89 ineligible participants under the 2024 Restricted Share Incentive Scheme;

(7) Adjustment of the corporate governance structure, with the audit committee of the Board exercising the powers of the Supervisory Committee as stipulated in the Company Law, and revision of the Articles of Association and its appendices, as well as amendment and establishment of six governance regulations.

## V. HISTORICAL SHARE REPURCHASES

Since first announcing its share repurchase plan in 2018, the Company has utilized over RMB1.4 billion on share repurchases to date. The repurchased Shares have been used for employee incentive schemes, effectively motivating core talent and fostering creativity, which has contributed to the Company's steady and rapid improvement in operating performance. At the same time, this has stabilized and boosted the Company's stock price, thereby strengthening investor confidence.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

# 2025 FINAL ACCOUNTS REPORT

## I. PROFIT COMPARISON

*Unit: RMB0,000*

| No. | Items | 2025 | 2024 | Growth Rate |
|---|---|---|---|---|
| 1 | Operating revenue | 3,101,174.45 | 2,794,716.45 | 10.97% |
| 2 | Operating costs | 2,208,749.71 | 2,026,983.36 | 8.97% |
| 3 | Gross profit margin | 28.78% | 27.47% | 1.31% |
| 4 | Profit from main business | 863,911.88 | 742,294.59 | 16.38% |
| 5 | Profit from other business | 10,983.75 | 8,310.84 | 32.16% |
| 6 | Operating profit | 485,929.46 | 371,005.52 | 30.98% |
| 7 | Total profit | 484,375.70 | 369,168.64 | 31.21% |
| 8 | Net profit attributable to owners of the parent company | 406,289.14 | 309,916.51 | 31.10% |

## II. EXPENSE CONTROL DURING THE PERIOD

*Unit: RMB0,000*

| No. | Indicator Items | 2025 | 2024 | Growth Rate |
|---|---|---|---|---|
| 1 | Selling expenses | 75,152.52 | 72,643.72 | 3.45% |
| 2 | Administrative expenses | 190,932.57 | 176,745.43 | 8.03% |
| 3 | Research and development expenses | 137,407.13 | 135,179.88 | 1.65% |
| 4 | Financial expenses | 10,121.98 | −4,378.24 | 331.19% |
| | Subtotal | 413,614.20 | 380,190.79 | 8.79% |
| 5 | Income tax expenses | 73,706.72 | 57,996.06 | 27.09% |
| | Total | 487,320.92 | 438,186.85 | 11.21% |

Expenses for 2025 increased by 8.79% year-over-year.

1. Selling expenses increased by 3.45% compared to the same period last year, primarily due to higher project development expenses and warehousing and transportation expenses.

2. Administrative expenses increased by 8.03% compared to the same period last year, primarily due to higher employee remuneration for the current period.

3. Research and development expenses increased by 1.65% compared to the same period last year, primarily due to the Group's continued deepening of its main businesses and ongoing focus on emerging business areas, resulting in a corresponding increase in the research and development team and direct investments.

4. Financial expenses increased by 331.19% compared to the same period last year, primarily due to significant foreign exchange losses incurred during the current period.

5. Income tax expenses increased by 27.09% compared to the same period last year, primarily due to an increase in total profit for the current period.

## III. CHANGES IN THE BALANCE SHEET

As of the end of 2025, total assets increased by 35.90% compared to the end of the previous year, while total liabilities increased by 3.15%, primarily due to changes in the balances of the balance sheet items listed in the table below.

*Unit: RMB0,000*

| No. | Balance Sheet Items | End of 2025 | End of 2024 | Change |
|---|---|---|---|---|
| 1 | Cash and cash equivalents | 1,491,198.51 | 524,856.76 | 184.12% |
| 2 | Financial assets held for trading purpose | 50,833.24 | | / |
| 3 | Notes receivable | 362,313.77 | 267,727.03 | 35.33% |
| 4 | Accounts receivable | 737,005.62 | 695,106.69 | 6.03% |
| 5 | Inventory | 563,979.22 | 528,044.18 | 6.81% |
| 6 | Other current assets | 132,840.19 | 172,053.99 | −22.79% |
| 7 | Fixed assets | 1,167,323.03 | 979,445.39 | 19.18% |
| 8 | Intangible assets | 125,803.35 | 107,451.13 | 17.08% |
| 9 | Short-term borrowings | 139,177.88 | 155,334.57 | −10.40% |
| 10 | Notes payable | 429,430.65 | 379,183.49 | 13.25% |
| 11 | Accounts payable | 589,490.28 | 598,542.70 | −1.51% |
| 12 | Other payables | 91,364.14 | 54,541.22 | 67.51% |
| 13 | Non-current liabilities due within one year | 159,156.42 | 59,099.40 | 169.30% |
| 14 | Long-term borrowings | 86,269.70 | 204,577.26 | −57.83% |

Description on changes in major balance sheet items:

1. Increase in cash and cash equivalents: Primarily due to the Company's successful completion of its H Shares offering and the receipt of proceeds.

2. Increase in financial assets held for trading purpose: Primarily due to securities investments and the purchase of wealth management products during the current period.

3. Increase in notes receivable and accounts receivable: Primarily due to increased sales, as well as changes in receivable balances resulting from varying payment terms and collection methods.

4. Increase in inventory: Primarily due to increased sales and increased stockpiling.

5. Decrease in other current assets: Primarily due to the redemption of principal-protected income certificates upon maturity.

6. Increase in fixed assets: Primarily due to the investment of proceeds and the expansion of automated equipment upgrades.

7. Increase in intangible assets: Primarily due to the increased acquisition of overseas land ownership.

8. Decrease in short-term borrowings: Primarily due to the repayment of credit loans upon maturity.

9. Increase in total notes payable and accounts payable: Primarily due to increased sales, as well as increased accounts payable resulting from procurement and stockpiling.

10. Increase in other payables: Primarily due to the provision for interim dividend payments made during the current period; these dividends were fully distributed in 2026.

11. Increase in non-current liabilities due within one year: Primarily due to an increase in credit loans due within one year.

12. Decrease in long-term borrowings: Primarily due to the reclassification of credit borrowings to non-current liabilities due within one year.

## IV. CHANGES IN THE STATEMENT OF CASH FLOWS

*Unit: RMB0,000*

| No. | Indicator Items | 2025 | 2024 | Growth Rate |
|---|---|---|---|---|
| 1 | Net cash flow from operating activities | 509,076.27 | 436,663.09 | 16.58% |
| 2 | Net cash flow from investing activities | −379,291.77 | −351,153.71 | −8.01% |
| 3 | Net cash flow from financing activities | 780,246.11 | −95,529.95 | 916.76% |
| 4 | Net increase in cash and cash equivalents | 904,368.68 | −18,145.30 | 5,084.04% |

Description on changes in major items of the statement of cash flows:

1. Increase in net cash flows from operating activities: Primarily due to an increase in cash received from sales of goods and provision of services.

2. Decrease in net cash flows from investing activities: Primarily due to a decrease in the redemption of large-denomination certificates of deposit during the current period.

3. Increase in net cash flows from financing activities: Primarily due to the Company's successful completion of its H Shares offering and the receipt of proceeds.

## V. FINANCIAL EVALUATION INDICATORS TABLE

| No. | Indicator Items | 2025/ End of 2025 | 2024/ End of 2024 | Growth Rate |
|---|---|---|---|---|
| 1 | Operating revenue *(RMB0,000)* | 3,101,174.45 | 2,794,716.45 | 10.97% |
| 2 | Net profit attributable to owners of the parent company *(RMB0,000)* | 406,289.14 | 309,916.51 | 31.10% |
| 3 | Earnings per share *(RMB)* | 1.03 | 0.84 | 22.62% |
| 4 | Asset-liability ratio | 35.15% | 46.31% | −11.16% |
| 5 | Current ratio | 2.19 | 1.64 | 33.54% |
| 6 | Quick ratio | 1.83 | 1.25 | 46.40% |
| 7 | Accounts receivable turnover *(times/year)* | 4.33 | 4.39 | −1.37% |
| 8 | Inventory turnover *(times/year)* | 4.05 | 4.10 | −1.22% |
| 9 | Net assets per share attributable to owners of the parent company *(RMB)* | 7.54 | 5.17 | 45.84% |

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

# RESOLUTION ON THE APPLICATION FOR COMPREHENSIVE CREDIT FACILITIES FROM BANKS FOR 2026

Description of the Company's application for comprehensive credit facilities from banks for 2026 is as follows:

In light of the Company's production and business development needs, and in accordance with the Company's 2026 business plan, the Company and its controlling subsidiaries intend to apply to banks for comprehensive credit facilities of no more than RMB17.4 billion for 2026. The Company hereby submits a resolution to the general meeting to authorize the Company's Chairman to have full authority to approve relevant matters within the aforementioned limit. The term of such authorization shall commence on the date this resolution is approved by the AGM and shall continue until the date of the next annual general meeting.

Please refer to the attached table for the projected comprehensive credit facilities applications to banks for 2026. The Company and its controlling subsidiaries will submit credit applications to various commercial banks based on actual needs. The requested credit limits between each company and each commercial bank may be subject to appropriate adjustments. During the actual application and approval process, the specific credit limits granted by each commercial bank and the specific companies receiving such credit limits shall be subject to the actual credit decisions made by the banks.

Schedule: Table for the Projected Comprehensive Credit Facilities Applications to Banks for 2026

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

## SCHEDULE: TABLE FOR THE PROJECTED COMPREHENSIVE CREDIT FACILITIES APPLICATIONS TO BANKS FOR 2026

*Unit: RMB0,000*

| Company | Bank Abbreviation | Last Comprehensive Credit Limit Application | Comprehensive Credit Limit Application for 2026 | Utilized Credit Limit |
|---|---|---|---|---|
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | Bank of China | 30,000.00 | 29,000.00 | – |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | China Construction Bank | 83,000.00 | 83,000.00 | 40,429.50 |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | Export-Import Bank of China | 320,000.00 | 290,000.00 | 226,300.00 |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | ICBC | 150,000.00 | 147,000.00 | 23,635.27 |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | Bank of Communications | 50,000.00 | 50,000.00 | – |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | Agricultural Bank of China | 50,000.00 | 50,000.00 | 8,263.51 |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | SPD Bank | 22,000.00 | – | – |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | China Merchants Bank | 20,000.00 | – | – |
| Zhejiang Sanhua Intelligent Controls Co., Ltd. | OCBC Bank | 4,000.00 | 3,500.00 | – |
| **Subtotal** | | **729,000.00** | **652,500.00** | **298,628.28** |
| Zhejiang Sanhua Intelligent Controls Co., Ltd.<br>Sanhua International Singapore Pte. Ltd.<br>Sanhua International, Inc. | Citibank | 72,000.00 | 71,000.00 | 5,192.10 |
| Zhejiang Sanhua Intelligent Controls Co., Ltd.<br>Sanhua International Singapore Pte. Ltd. | Standard Chartered Bank | 36,000.00 | 57,000.00 | 13,846.00 |
| Sanhua International, Inc.<br>Sanhua International Singapore Pte. Ltd. | J.P. Morgan | 60,000.00 | 21,000.00 | – |
| **Subtotal** | | **168,000.00** | **149,000.00** | **19,038.10** |
| Sanhua AWECO Appliance Systems GmbH | Commerzbank | 15,000.00 | 13,000.00 | – |
| **Subtotal** | | **15,000.00** | **13,000.00** | **–** |

| Company | Bank Abbreviation | Last Comprehensive Credit Limit Application | Comprehensive Credit Limit Application for 2026 | Utilized Credit Limit |
|---|---|---|---|---|
| Sanhua International Singapore Pte. Ltd. | OCBC Bank | 36,000.00 | 57,000.00 | 37,355.68 |
| Sanhua International Singapore Pte. Ltd. | ANZ | 57,000.00 | 57,000.00 | 28,422.80 |
| Sanhua International Singapore Pte. Ltd. | Commerzbank | 39,000.00 | 42,000.00 | 19,383.84 |
| Sanhua International Singapore Pte. Ltd. | BNP Paribas | 29,000.00 | 28,000.00 | 4,872.48 |
| Sanhua International Singapore Pte. Ltd. | Bank of America | 36,000.00 | 36,000.00 | – |
| Sanhua International Singapore Pte. Ltd. | ICBC | 8,000.00 | 36,000.00 | – |
| Sanhua International Singapore Pte. Ltd. | DBS Bank | 29,000.00 | 29,000.00 | 13,845.60 |
| Sanhua International Singapore Pte. Ltd. | Sumitomo Mitsui Banking Corporation | | 14,000.00 | – |
| Sanhua International Singapore Pte. Ltd. | UOB | | 36,000.00 | – |
| **Subtotal** | | **234,000.00** | **335,000.00** | **103,880.40** |
| Sanhua International, Inc. | MUFG Bank | 36,000.00 | – | – |
| **Subtotal** | | **36,000.00** | **–** | **–** |
| Zhejiang Sanhua Trading Co., Ltd. | Bank of China | 5,000.00 | 10,000.00 | – |
| **Subtotal** | | **5,000.00** | **10,000.00** | **–** |
| Zhejiang Sanhua Commercial Refrigeration Co., Ltd. | ICBC | 30,000.00 | 29,500.00 | – |
| Zhejiang Sanhua Commercial Refrigeration Co., Ltd. | Bank of China | 10,000.00 | 10,000.00 | – |
| **Subtotal** | | **40,000.00** | **39,500.00** | **–** |
| Zhejiang Sanhua Heat Exchanger Co., Ltd. | ICBC | 30,000.00 | 26,000.00 | 5,600.00 |
| Zhejiang Sanhua Heat Exchanger Co., Ltd. | China Construction Bank | 30,000.00 | 25,000.00 | – |
| Zhejiang Sanhua Heat Exchanger Co., Ltd. | Agricultural Bank of China | 20,000.00 | 20,000.00 | 15,372.96 |
| Zhejiang Sanhua Heat Exchanger Co., Ltd. | Bank of China | | 20,000.00 | – |
| Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd. | China Construction Bank | | 10,000.00 | – |
| Hangzhou Lvneng New Energy Vehicle Parts Co., Ltd. | Agricultural Bank of China | | 10,000.00 | – |
| Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd. | ICBC | 5,000.00 | 5,000.00 | – |
| Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd. | Agricultural Bank of China | 20,000.00 | 10,000.00 | 10,868.05 |
| Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd. | China Construction Bank | 20,000.00 | 10,000.00 | 1,424.51 |
| Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd. | CITIC Bank | | 5,000.00 | 2,493.46 |
| **Subtotal** | | **125,000.00** | **141,000.00** | **35,758.98** |

| Company | Bank Abbreviation | Last Comprehensive Credit Limit Application | Comprehensive Credit Limit Application for 2026 | Utilized Credit Limit |
|---|---|---|---|---|
| Zhejiang Sanhua Automotive Components Co., Ltd. | ICBC | 30,000.00 | 30,000.00 | 10,327.42 |
| Zhejiang Sanhua Automotive Components Co., Ltd. | CITIC Bank | 9,000.00 | 10,000.00 | 4,959.42 |
| Zhejiang Sanhua Automotive Components Co., Ltd. | Bank of China | 19,000.00 | 18,700.00 | 11,616.94 |
| Zhejiang Sanhua Automotive Components Co., Ltd. | Agricultural Bank of China | 40,000.00 | 40,000.00 | 29,532.60 |
| Zhejiang Sanhua Automotive Components Co., Ltd. | Bank of Communications | 30,000.00 | 30,000.00 | – |
| Zhejiang Sanhua Automotive Components Co., Ltd. | China Construction Bank | 40,000.00 | 40,000.00 | 27,400.73 |
| Shaoxing Sanhua New Energy Automotive Components Co., Ltd. | China Construction Bank | 20,000.00 | – | – |
| Shaoxing Sanhua New Energy Automotive Components Co., Ltd. | Bank of China | 20,000.00 | – | – |
| Shaoxing Sanhua New Energy Automotive Components Co., Ltd. | ICBC | 20,000.00 | – | – |
| Shaoxing Sanhua Automotive Thermal Management Technology Co., Ltd. | Bank of China | 25,000.00 | 45,000.00 | 32,715.32 |
| Shaoxing Sanhua Automotive Thermal Management Technology Co., Ltd. | ICBC | 30,000.00 | 22,500.00 | 9,800.45 |
| Shaoxing Sanhua Automotive Thermal Management Technology Co., Ltd. | China Construction Bank | 40,000.00 | 40,000.00 | 30,605.07 |
| Shaoxing Sanhua Automotive Thermal Management Technology Co., Ltd. | Agricultural Bank of China | 20,000.00 | 8,800.00 | – |
| **Subtotal** | | **343,000.00** | **285,000.00** | **156,957.94** |
| Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd. | Agricultural Bank of China | 10,000.00 | 10,000.00 | – |
| **Subtotal** | | **10,000.00** | **10,000.00** | **–** |
| Hangzhou Xiantu Electronics Co., Ltd. | China Construction Bank | 30,000.00 | 20,000.00 | 6,880.41 |
| Hangzhou Xiantu Electronics Co., Ltd. | China Merchants Bank | | 20,000.00 | 5,394.41 |
| Hangzhou Xiantu Electronics Co., Ltd. | Export-Import Bank of China | | 20,000.00 | 9,900.00 |
| Hangzhou Xiantu Electronics Co., Ltd. | SPD Bank | | 15,000.00 | – |
| Hangzhou Xiantu Electronics Co., Ltd. | Agricultural Bank of China | 5,000.00 | 10,000.00 | – |
| Hangzhou Xiantu Electronics Co., Ltd. | ICBC | | 20,000.00 | – |
| **Subtotal** | | **35,000.00** | **105,000.00** | **22,174.82** |
| **Total** | | **1,740,000.00** | **1,740,000.00** | **636,438.52** |

# RESOLUTION ON CONDUCTING ASSET POOL BUSINESS

To optimize the Company's financial structure, reduce the amount of funds tied up in the Company's assets such as large-denomination certificates of deposit and notes receivable, and improve the return on equity, the Company intends to commence the asset pool business. The specific details are outlined below:

## I. OVERVIEW OF THE ASSET POOL BUSINESS

### 1. Business overview

An asset pool refers to a mechanism whereby the Company and its subsidiaries contribute existing notes (bank acceptance notes, commercial acceptance notes), margin deposits, large-denomination certificates of deposit, wealth management products, structured certificates of deposit, domestic accounts receivable and other assets to the asset pool in exchange for an equivalent credit line for the asset pool or notes pool. This credit line can be shared among the Company and its controlling subsidiaries. The Company and its controlling subsidiaries may apply to use the credit line for purposes including, but not limited to, issuing bank acceptance notes, commercial acceptance notes, domestic letters of credit, non-financing guarantees, and working capital loans, with the Company and its controlling subsidiaries providing guarantees for the credit line utilized.

### 2. Partner banks

The partner banks for the proposed asset pool business shall be domestic commercial banks with good credit standing (which are not related parties). The specific partner banks shall be selected by the Company's Chairman, subject to authorization by the Company's general meeting, based on comprehensive factors such as the Company's cooperative relationship with the commercial banks and the commercial banks' capacity to provide asset pool services.

### 3. Term of the business

The term for conducting the aforementioned asset pool business shall be from the date this resolution is approved by the AGM until the date of the next annual general meeting.

### 4. Implementation limit

The Company and its subsidiaries shall share an asset pool limit not exceeding RMB3.5 billion, meaning that the cumulative outstanding balance of assets pledged or mortgaged for asset pool business conducted with all partner banks shall not exceed RMB3.5 billion. During the business term, this limit may be used on a rolling basis. The specific amount for each transaction is requested to be authorized by the Company's general meeting for the Company's Chairman to determine based on the operational needs of the Company and its subsidiaries, in accordance with the principle of maximizing overall benefits.

**5. Methods of security**

Provided that risks remain manageable, the Company and its subsidiaries may utilize various forms of security, including maximum amount pledges, general pledges, time deposit pledges, note pledges, and margin pledges, for the establishment and use of the asset pool. The specific form and amount of each security arrangement shall be determined by the Company's Chairman, subject to authorization by the Company's general meeting, in accordance with the operational needs of the Company and its subsidiaries and the principle of maximizing overall benefits.

## II. PURPOSE OF COMMENCING THE ASSET POOL BUSINESS

The Company and its controlling subsidiaries will deposit notes (bank acceptance notes, commercial acceptance notes), margin deposits, large-denomination certificates of deposit, wealth management products, structured certificates of deposit, domestic accounts receivable and other assets with designated banks for centralized management. By conducting business and services such as the inclusion and exclusion of financial assets from the pool and pledge-based financing, the Company can effectively mobilize financial assets, reduce capital tied up, and improve the efficiency of the use of the Company's current assets. This is conducive to bridging the Company's working capital gap and maximizing the interests of the Company and its Shareholders.

## III. RISK CONTROL FOR THE ASSET POOL BUSINESS

1. The Company will commence the asset pool business in strict compliance with laws, regulations, and banking supervisory requirements to ensure the legality and compliance of fund transfers. The Company has established rigorous approval procedures and decision-making authority to effectively mitigate risks;

2. The Company will regularly monitor the implementation of these operations. If an assessment identifies risk factors that may affect the security of the Company's funds, the Company will promptly take appropriate measures to control such risks and report to the Board;

3. The Company's Internal Audit Department is responsible for conducting regular or ad hoc audits and oversight of the use of funds within the asset pool to ensure fund security;

4. The Company will fulfill its information disclosure obligations in a timely manner in accordance with the relevant regulations of the Shenzhen Stock Exchange.

## IV. AUTHORIZATION OF RELEVANT MATTERS

1. Within the approved limit, the Company hereby submits a resolution to the general meeting to authorize the Chairman of the Board or a representative designated by the Chairman to exercise decision-making authority regarding specific operational matters and to sign relevant contractual documents, including but not limited to selecting qualified commercial banks, determining the specific limits of the asset pool available to the Company and its subsidiaries, as well as the collateral, form of security, and amounts involved.

2. The Company's Finance Department shall be authorized to organize and implement the asset pool business. The Finance Department of the Company shall promptly analyze and monitor the progress of the asset pool business. If any adverse factors are identified or suspected, the Finance Department shall promptly take appropriate measures to control risks and report to the Board immediately.

3. The audit committee shall have the authority to supervise and inspect the specific details of the Company's asset pool business.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

# RESOLUTION ON THE ESTIMATED EXTERNAL GUARANTEE LIMITS BY THE COMPANY AND ITS SUBSIDIARIES FOR 2026

In accordance with the relevant provisions of the Company Law, the Securities Law, the Notice on Regulating External Guarantees of Listed Companies, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, and the Articles of Association, and in light of the Company's capital requirements for 2026, the Company has conducted a forecast analysis of external guarantees for 2026 and proposes the following plan for providing guarantees to its controlling subsidiaries in 2026:

## I. OVERVIEW OF GUARANTEES

Based on the production, operations, and capital requirements of the Company and its controlling subsidiaries, and to ensure the sustained and healthy development of the Company's production and operations, the Company and its subsidiaries intend to apply for credit facilities on behalf of the controlling subsidiaries in 2026 and provide guarantees for their daily operational needs. The specific parties to be guaranteed and the guarantee amounts are set forth in the table as follows:

*Unit: RMB0,000*

| Guarantor | Guaranteed Party | Guarantor's Shareholding Ratio | Most Recent Asset-liability Ratio of the Guaranteed Party | Guarantee Balance to Date | Guarantee Approval Limit for 2026 | Percentage of Guarantee Limit to the Listed Company's Most Recent Net Assets | Whether Related-Party Guarantee |
|---|---|---|---|---|---|---|---|
| Controlling subsidiaries with an asset-liability ratio of 70% or less | | | | | | | |
| Sanhua Intelligent Controls and its subsidiaries | SANHUA INTERNATIONAL SINGAPORE PTE. LTD. | 100% | 50.13% | 90,035 | 300,000 | 9.45% | No |
| | SANHUA INTERNATIONAL, INC. | 100% | 34.49% | 2,838 | 50,000 | 1.57% | No |
| | Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd. | 100% | 24.63% | | 10,000 | 0.31% | No |
| | Zhejiang Sanhua Heat Exchanger Co., Ltd. | 100% | 69.37% | 20,973 | 85,000 | 2.68% | No |
| | Zhejiang Sanhua Automotive Components Co., Ltd. | 100% | 43.07% | | 100,000 | 3.15% | No |
| Subtotal | | | | 113,846 | 545,000 | 17.17% | |

| Guarantor | Guaranteed Party | Guarantor's Shareholding Ratio | Most Recent Asset-liability Ratio of the Guaranteed Party | Guarantee Balance to Date | Guarantee Approval Limit for 2026 | Percentage of Guarantee Limit to the Listed Company's Most Recent Net Assets | Whether Related-Party Guarantee |
|---|---|---|---|---|---|---|---|
| Controlling subsidiaries with an asset-liability ratio of 70% or more | | | | | | | |
| Sanhua Intelligent Controls and its subsidiaries | Sanhua Singapore Automotive Investment Pte. Ltd. | 100% | 76.12% | | 30,000 | 0.94% | No |
| | R-Squared Puckett Inc R | 100% | 76.12% | 1,731 | 5,000 | 0.16% | No |
| | Sanhua AWECO Appliance Systems GmbH | 100% | 76.33% | | 20,000 | 0.63% | No |
| Subtotal | | | | 1,731 | 55,000 | 1.73% | |
| **Total** | | | | **115,577** | **600,000** | **18.90%** | |

The aforementioned guarantee limit shall be valid from the date of approval by the AGM until the day before the next annual general meeting is convened. For other subsidiaries within the scope of the consolidated financial statements (including those currently within the scope of the consolidated financial statements, as well as subsidiaries in which the Company holds direct or indirect controlling interests through new establishment, acquisition, or other means), the guarantee plan may be internally adjusted among such subsidiaries within the total guarantee limit for the same asset-liability ratio category.

For specific guarantee matters arising within the aforementioned limit, the Company's Chairman or a representative authorized by the Chairman shall be authorized to be specifically responsible for signing relevant guarantee agreements (including but not limited to guarantees, mortgages, pledges, and liens) to provide guarantees for debts such as credit facilities, loans, notes, factoring, financial leases, and subleases applied for from banks, non-bank financial institutions, and other institutions, without the need to convene a separate Board meeting or general meeting.

## II. BASIC INFORMATION ON THE GUARANTEED COMPANIES

The guaranteed parties are all controlling subsidiaries of the Company. The specific details are as follows:

### 1. Sanhua International Singapore Pte. Ltd.

| | |
|---|---|
| Date of establishment: | October 24, 2005 |
| Place of incorporation: | Singapore |
| Executive Director: | Zhang Yabo |
| Registered capital: | US$245,251,200 |
| Business type: | Private limited company |
| Main business: | General import and export trade and investment. |
| Operating status: | As of December 31, 2025, total assets amounted to RMB4,829,021,500, total liabilities amounted to RMB2,420,996,200, and net assets amounted to RMB2,408,025,400; operating revenue was RMB2,714,152,800, total profit was RMB171,181,900, and net profit was RMB140,499,500. The asset-liability ratio was 50.13%. |
| Shareholding structure: | The Company holds 100% of the equity interest in Sanhua International Singapore Pte. Ltd. |
| Creditworthiness of the guaranteed party: | Sanhua International Singapore Pte. Ltd. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**2. Sanhua International, Inc.**

| | |
|---|---|
| Date of establishment: | May 10, 2002 |
| Place of incorporation: | 252 Fallbrook Dr, Building 2, Suite 400, Houston, Tx77038 |
| Legal representative: | Lyu Hu |
| Registered capital: | US$37,550,000 |
| Business type: | Limited liability company |
| Main business: | Sales of refrigeration and air-conditioning product equipment and components, automatic control components, mechanical equipment, automotive parts, plastics, and chemical products. |
| Operating status: | As of December 31, 2025, total assets amounted to RMB2,218,472,700, total liabilities amounted to RMB765,048,900, and net assets amounted to RMB1,453,423,800; operating revenue was RMB3,806,004,900, total profit was RMB259,474,900, and net profit was RMB192,866,300. The asset-liability ratio was 34.49%. |
| Shareholding structure: | The Company holds 100% of the equity interest in Sanhua International, Inc. |
| Creditworthiness of the guaranteed party: | Sanhua International, Inc. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**3. Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd.**

| | |
|---|---|
| Date of establishment: | May 24, 2013 |
| Place of incorporation: | Building 8, No. 101 Huajin South Road, High-Tech Industrial Development Zone, Yijiang District, Wuhu City, Anhui Province |
| Legal representative: | Wang Dayong |
| Registered capital: | RMB156,233,096.93 |
| Main business: | Research and development, production, sales, technology transfer, technical services, and after-sales service of home appliance control system products; mold manufacturing and repair; import and export of goods and technology (excluding goods and technology whose import and export are prohibited by the state or subject to administrative approval). (The above scope of business excludes items subject to state restrictions or prohibitions, items requiring prior licensing, and items requiring approval in accordance with the law; business operations may only be conducted after obtaining approval from the relevant authorities). |
| Operating status: | As of December 31, 2025, total assets amounted to RMB315,221,600, total liabilities amounted to RMB77,623,500, and net assets amounted to RMB237,598,100; operating revenue was RMB407,364,300, total profit was RMB69,295,400, and net profit was RMB56,996,300. The asset-liability ratio was 24.63%. |
| Shareholding structure: | The Company holds 100% of the equity interest in Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd. |
| Creditworthiness of the guaranteed party: | Sanhua AWECO Appliance Systems (Wuhu) Co., Ltd. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**4. Zhejiang Sanhua Heat Exchanger Co., Ltd.**

| | |
|---|---|
| Date of establishment: | December 13, 2021 |
| Place of incorporation: | Lot No. 2019-1, Xinchang Industrial Park, Xinchang County, Shaoxing City, Zhejiang Province (Datangkeng Village, Yulin Subdistrict, Xinchang County) (Address Declaration) |
| Legal representative: | Zhang Yabo |
| Registered capital: | RMB300,000,000 |
| Business type: | Limited liability company |
| Main business: | General business activities: Manufacture of general-purpose equipment (excluding special equipment); repair of general-purpose equipment; manufacture of refrigeration and air-conditioning equipment; manufacture of electronic components; research and development of mechanical equipment; research and development of household appliances; manufacture of household appliances; manufacture of electronic components and electromechanical assembly equipment; manufacture of electronic measuring instruments; manufacture of instruments and meters; manufacture of smart instruments and meters; import and export of technology; import and export of goods; sales of refrigeration and air-conditioning equipment; sales of household appliances; sales of electronic components and electromechanical assembly equipment; sales of electronic measuring instruments; sales of instruments and meters; sales of smart instruments and meters (except for projects requiring approval in accordance with the law, business operations may be conducted independently in accordance with the law based on the business license). Licensed projects: Inspection and testing services (projects requiring approval in accordance with the law may only be conducted after approval by the relevant authorities; specific business items are subject to the approval results). |
| Operating status: | As of December 31, 2025, total assets amounted to RMB1,279,734,500, total liabilities amounted to RMB887,744,900, and net assets amounted to RMB391,989,600; operating revenue was RMB1,422,329,800, total profit was RMB161,626,700, and net profit was RMB143,009,700. The asset-liability ratio was 69.37%. |

| | |
|---|---|
| Shareholding structure: | Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd., a wholly-owned subsidiary of the Company, holds 100% of the equity interest in Zhejiang Sanhua Heat Exchanger Co., Ltd. |
| Creditworthiness of the guaranteed party: | Zhejiang Sanhua Heat Exchanger Co., Ltd. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**5. Zhejiang Sanhua Automotive Components Co., Ltd.**

| | |
|---|---|
| Date of establishment: | October 12, 2004 |
| Place of incorporation: | No. 301, 12th Street, Baiyang Subdistrict, Qiantang District, Hangzhou City, Zhejiang Province |
| Legal representative: | Shi Chuliang |
| Registered capital: | RMB2,160,000,000 |
| Main business: | Production: Automotive parts (operations may commence only after filing an environmental pollution discharge declaration); wholesale, retail, and technical development: Automotive parts; import and export of goods (excluding items prohibited by laws and administrative regulations; items restricted by laws and administrative regulations may be operated only after obtaining the necessary permits). |
| Operating status: | As of December 31, 2025, total assets amounted to RMB17,130,549,300, total liabilities amounted to RMB7,378,360,300, and net assets amounted to RMB9,752,189,100; operating revenue was RMB11,883,295,800, total profit was RMB2,148,384,800, and net profit was RMB1,843,324,600. The asset-liability ratio was 43.07%. |
| Shareholding structure: | The Company holds 100% of the equity interest in Zhejiang Sanhua Automotive Components Co., Ltd. |
| Creditworthiness of the guaranteed party: | Zhejiang Sanhua Automotive Components Co., Ltd. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**6. Sanhua Singapore Automotive Investment Pte. Ltd.**

| | |
|---|---|
| Date of establishment: | November 20, 2023 |
| Place of incorporation: | I PAYA LEBAR LNK #04-01 PAYA LEBAR QUARTER SINGAPORE (408533) |
| Executive Director: | Zhang Yabo |
| Registered capital: | US$70,100,000 |
| Business type: | Private limited company |
| Main business: | Wholesale of automotive parts and accessories |
| Operating status: | As of December 31, 2025, total assets amounted to RMB1,407,211,700, total liabilities amounted to RMB1,071,210,100, and net assets amounted to RMB336,001,500; operating revenue was RMB2,543,909,200, total profit was RMB193,365,800, and net profit was RMB206,849,000. The asset-liability ratio was 76.12%. |
| Shareholding structure: | Sanhua International Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, holds 100% of the equity interest in Sanhua Singapore Automotive Investment Pte. Ltd. |
| Creditworthiness of the guaranteed party: | Sanhua Singapore Automotive Investment Pte. Ltd. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**7. R-Squared Puckett, Inc.**

| | |
|---|---|
| Date of establishment: | March 11, 1998 |
| Office location: | 18th Highway, Parkett, Rigeon County, Mississippi |
| Executive Director: | Zhang Yabo |
| Business type: | Limited liability company |
| Main business: | Sales of refrigeration and air-conditioning equipment and components, automatic control components, mechanical equipment, automotive parts, plastics, and chemical products. |
| Operating status: | As of December 31, 2025, total assets amounted to RMB853,925,900, total liabilities amounted to RMB649,971,400, and net assets amounted to RMB203,954,400; operating revenue was RMB1,833,691,500, total profit was RMB65,395,000, and net profit was RMB51,112,500. The asset-liability ratio was 76.12%. |
| Shareholding structure: | On December 20, 2012, Sanhua (Hangzhou) Micro Channel Heat Exchanger Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% of the equity interest in R-Squared Puckett, Inc. |
| Creditworthiness of the guaranteed party: | R-Squared Puckett, Inc. has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**8. Sanhua AWECO Appliance Systems GmbH**

| | |
|---|---|
| Date of establishment: | September 7, 2012 |
| Place of incorporation: | Hüttenseestraße 40 I D-88099 Neukirch I Germany |
| Executive Director: | Christoph Kowatschik |
| Registered capital: | EUR5,000,000 |
| Main business: | Research and development, manufacturing, and sales of components for home appliance systems, including dishwashers, washing machines, coffee makers, and automotive parts. |
| Operating status: | As of December 31, 2025, total assets amounted to RMB830,883,900, total liabilities amounted to RMB634,243,800, and net assets amounted to RMB196,640,000; operating revenue was RMB1,320,481,500, total profit was RMB-39,855,100, and net profit was RMB-40,574,600. The asset-liability ratio was 76.33%. |
| Shareholding structure: | Sanhua International Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, holds 100% of the equity interest in Sanhua AWECO Appliance Systems GmbH. |
| Creditworthiness of the guaranteed party: | Sanhua AWECO Appliance Systems GmbH has a good credit standing and is not listed as a dishonest person subject to enforcement. |

**III. MAIN PROVISIONS OF THE GUARANTEE AGREEMENT**

As of the date, the Company and its subsidiaries have not yet entered into any specific guarantee agreements. The guarantee amount, term, and execution date shall be subject to the terms of the actual contracts signed. The Company's management will handle specific guarantee matters within the authorized guarantee limit based on the needs of actual business operations.

## IV. PURPOSE OF GUARANTEES AND RISK ASSESSMENT

1. As the Company and its controlling subsidiaries find it difficult to ensure normal operations of the Company solely through their own accumulated resources in daily business activities, and considering the actual needs of overall business development, the Company and its subsidiaries provide guarantees to the controlling subsidiaries to address their funding requirements. This helps the above-mentioned subsidiaries maintain necessary working capital, ensures normal production and operations, and allows the Company to directly or indirectly share in the subsidiaries' operating results.

2. The guaranteed parties are all controlling subsidiaries of the Company. The Company and its subsidiaries have the capacity to manage their operational and management risks. When the Company provides guarantees for its controlling subsidiaries, it will require other minority Shareholders of the guaranteed parties to provide equivalent guarantees or counter-guarantees in proportion to their capital contributions, in accordance with regulatory requirements. Therefore, the financial risks remain within the Company's controllable scope. There are no circumstances that violate the China Securities Regulatory Commission's Guidelines No. 8 for the Supervision of Listed Companies – Regulatory Requirements for Capital Transactions and External Guarantees of Listed Companies.

## V. CUMULATIVE AMOUNT OF EXTERNAL GUARANTEES AND NUMBER OF OVERDUE GUARANTEES

As of the date, the aggregate outstanding guarantee balance of the Company and its controlling subsidiaries is RMB1,155,770,000, representing 3.64% of the Company's audited net assets as of the end of 2025. Upon the effectiveness of the guarantees provided to the controlling subsidiaries, the aggregate approved guarantee limit of the Company and its controlling subsidiaries amounts to RMB6,000,000,000, representing 18.90% of the Company's audited net assets as of the end of 2025. All of the aforementioned guarantees are provided to controlling subsidiaries. The Company and its controlling subsidiaries have no overdue guarantees.

Since the asset-liability ratios of Sanhua Singapore Automotive Investment Pte. Ltd., R-Squared Puckett, Inc., and Sanhua AWECO Appliance Systems GmbH, the controlling subsidiaries for which this guarantee is provided, have all exceeded 70%, the aforementioned resolution shall be submitted to the general meeting for consideration and approval before it can be implemented.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

# RESOLUTION ON CONDUCTING FUTURES HEDGING BUSINESS

To lock in the Company's product sales prices and production costs, effectively prevent and mitigate market risks arising from fluctuations in raw material prices, reduce fluctuations in product costs caused by such price fluctuations, and minimize the impact of raw material price volatility on the Company's normal operations, the Company intends to continue conducting the futures hedging business. The specific details are as follows:

## I. PURPOSE OF CONDUCTING HEDGING BUSINESS

To mitigate market risks arising from price fluctuations in futures contracts related to production and operations, reduce operational risks, and lock in operating costs, the Company intends to conduct futures hedging operations for commodities such as copper, zinc, aluminum, nickel, stainless steel, gold, and the Shanghai Containerized Freight Index – Europe, which are relevant to the Company's production and operations. Futures hedging primarily involves purchasing (or selling) futures contracts in quantities equivalent to those in the spot market but with opposite trading directions, with the aim of mitigating price volatility risks.

## II. FEASIBILITY ANALYSIS OF CONDUCTING THE HEDGING BUSINESS

The Company hereby submits a resolution to the general meeting of the Company to authorize the Board and approve the Board's delegation of authority to the Company's Futures Leadership Group to serve as the governing body for managing the Company's futures hedging business, and to conduct such business in accordance with the relevant provisions and procedures set forth in the Company's Operational Management Measures for Futures Hedging Business.

## III. OVERVIEW OF THE FUTURES HEDGING BUSINESS

1. **Trading instruments**: Limited to futures contracts listed on domestic and international futures exchanges that are relevant to the Company's production and operations, including copper, zinc, aluminum, nickel, stainless steel, gold, and the Shanghai Containerized Freight Index – Europe.

2. **Capital limit**: Based on the Company's production capacity, the cumulative margin investment for conducting futures hedging operations is expected not to exceed RMB200,000,000.

3. **Implementation period**: From the date of approval by the Company's AGM until the date of the next annual general meeting.

4. **Source of funds**: The Company's own funds.

5. **Implementing entities**: The Company or its controlling subsidiaries.

## IV. ACCOUNTING POLICIES AND ACCOUNTING PRINCIPLES

The Company's accounting policies and accounting principles for the futures hedging business will be strictly implemented in accordance with relevant regulations issued by the Ministry of Finance, including Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 24 – Hedging, and Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments, and will apply corresponding accounting treatments to the futures hedging business conducted.

## V. RISK ANALYSIS OF FUTURES HEDGING

The Company engages in the futures hedging business with the objective of mitigating price volatility risks associated with futures contracts related to its production and operations. It does not engage in speculative or purely arbitrage-based trading. While the Company implements strict risk controls when entering into hedging contracts and opening or closing positions, certain risks still exist in the futures market.

1. Price volatility risk: Sudden adverse factors may cause significant short-term fluctuations in futures prices, forcing the Company to liquidate positions and incurring substantial losses, or preventing the Company from realizing profits through physical delivery.

2. Credit risk: During the product delivery cycle, significant fluctuations in commodity futures prices may lead to clients voluntarily defaulting on their obligations, resulting in losses for the Company's futures transactions.

3. Operational risk: Given the highly specialized and complex nature of futures trading, there is a possibility of unexpected losses resulting from deficiencies in information systems or internal controls.

4. Technical risk: Uncontrollable and unpredictable system failures, network outages, or communication disruptions may cause abnormal operation of the trading system, leading to issues such as delayed or interrupted trading orders, or data errors.

5. Legal risk: Significant changes in relevant laws and regulations may prevent contracts from being executed normally, resulting in losses for the Company. Additionally, if the futures brokerage selected by the Company engages in illegal or non-compliant business practices during the trading process, this may also result in losses for the Company.

## VI. INTERNAL CONTROL MEASURES FOR THE FUTURES HEDGING BUSINESS

1. The Company will allocate its own funds reasonably for the hedging business, strictly control the scale of funds used for hedging, and promptly close positions when market prices fluctuate sharply to mitigate risks.

2. The Company has established the Operational Management Measures for Futures Hedging Business, which strictly defines the operational procedures for such activities. Concurrently, the Company strengthens professional ethics and business training for relevant personnel to prevent operational risks, establishes a mechanism for reporting abnormal situations, and implements efficient risk management procedures.

3. In accordance with relevant regulations such as the Self-Regulatory Guidelines No. 1 for Listed Companies – Standardized Operation of Main Board Listed Companies and the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 7 – Transactions and Related Party Transactions, the Company ensures that hedging trading accounts are established in the name of the Company or its subsidiaries for this hedging business. The Company strictly controls the scale of funds allocated to hedging, reasonably plans and utilizes margin deposits, and does not use raised funds, either directly or indirectly, for hedging purposes.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

# RESOLUTION ON CONDUCTING FOREIGN EXCHANGE HEDGING BUSINESS

When exchange rates fluctuate significantly, foreign exchange gains and losses can have a certain impact on the Company's operating results. Engaging in the foreign exchange hedging business helps the Company manage exchange rate risk, minimize foreign exchange losses, and mitigate the impact of exchange rate fluctuations on its normal operations. The Company intends to continue its foreign exchange hedging business, as detailed below:

## I. PURPOSE OF CONDUCTING FOREIGN EXCHANGE HEDGING BUSINESS

As the Company accelerates its internationalization efforts, the proportion of overseas revenue has increased, export sales have grown rapidly, and the Company's foreign currency exchange business has expanded significantly. At the same time, as the Company's overseas operations continue to expand, significant exchange rate fluctuations may have a certain impact on its operating performance due to foreign exchange gains or losses. Engaging in the foreign exchange hedging business helps the Company manage exchange rate risks, minimize exchange losses, and mitigate the impact of exchange rate fluctuations on its performance.

## II. OVERVIEW OF THE FOREIGN EXCHANGE HEDGING BUSINESS

### 1. Major currencies and business types:

The foreign exchange hedging business of the Company and its controlling subsidiaries is limited to currencies that are the primary settlement currencies used in the Company's production and operations, as well as its international investment and financing activities. The main foreign currencies include the U.S. dollar, the Euro, the Japanese yen, and other currencies relevant to actual business operations. The specific types of foreign exchange hedging business conducted by the Company include foreign exchange forwards, foreign exchange swaps, foreign exchange futures, foreign exchange options, and other foreign exchange derivative products.

### 2. Capital size:

Based on the Company's asset scale and business needs, the proposed scale of the Company's foreign exchange hedging business shall not exceed RMB8,500,000,000 or the equivalent in foreign currency. Within the aforementioned limit, funds can be rolled over for use; at any given point during the term, the transaction amount (including amounts from reinvesting proceeds of the aforementioned transactions) shall not exceed the authorized limit. To conduct the foreign exchange hedging business, the Company will engage in actual hedging transactions with financial institutions (such as banks) that possess the necessary qualifications for foreign exchange derivatives trading, utilizing forms of credit facilities, margin deposits, or option premiums. Credit facilities shall be settled through either principal settlement at maturity or net settlement.

**3. Authorization and term:**

Given that the foreign exchange hedging business is closely related to the Company's production and business operations, the Company hereby submits a resolution to the general meeting of the Company to authorize the Board and to approve the Board's delegation of authority to the Company's management to approve daily foreign exchange hedging plans and sign contracts related to the foreign exchange hedging business. The Foreign Exchange Hedging Business Leadership Group shall serve as the daily executive body and exercise management responsibilities for the foreign exchange hedging business. The term of this authorization shall commence on the date of approval by the Company's AGM until the date of the next annual general meeting.

**4. Counterparties or platforms:**

Financial institutions, such as banks, that possess the necessary qualifications for conducting foreign exchange derivatives trading.

**5. Liquidity arrangements:**

All foreign exchange fund transactions are supported by normal and reasonable business operations and will not affect the Company's liquidity.

## III. FEASIBILITY ANALYSIS OF CONDUCTING THE FOREIGN EXCHANGE HEDGING BUSINESS

The Company and its subsidiaries engage in the forward foreign exchange hedging business with the objective of mitigating the adverse impact of significant fluctuations in the forward exchange rate of the RMB against foreign currencies on the Company's operating results; they do not engage in speculative or arbitrage transactions. In actual operations, the Company's business is significantly affected by fluctuations in foreign exchange rates, particularly the U.S. dollar. To further enhance the Company's ability to manage foreign exchange fluctuation risk and better mitigate and guard against risks associated with fluctuations in exchange rates and interest rates, the Company and its subsidiaries intend to engage in the foreign exchange hedging business. This will help control exchange rate risk within a reasonable range, improve the stability and sustainability of the Company's and its subsidiaries' operating performance, and strengthen the Company's financial soundness.

The Company has established the Foreign Exchange Hedging Business Management System, which stipulates that the Company's foreign exchange hedging activities are conducted primarily for the purpose of risk mitigation and prohibits speculative and arbitrage transactions. The aforementioned system sets forth clear provisions regarding the Company's foreign exchange transaction limits, scope of instruments, tiered authorization system, internal review processes, responsible departments, information segregation measures, risk reporting and handling procedures. This system complies with the relevant requirements of regulatory authorities, meets practical operational needs, and the risk control measures established are practical and effective. The Company and its subsidiaries possess sufficient proprietary funds to cover the margin requirements for the proposed hedging transactions. They will strictly implement risk prevention measures and operate with due diligence in accordance with the Self-Regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 7 – Transactions and Related Party Transactions and the Company's relevant internal control systems.

In summary, the conduct of the foreign exchange hedging business by the Company and its subsidiaries is feasible and will be beneficial to their production and business operations.

## IV. RISK ANALYSIS OF THE FOREIGN EXCHANGE HEDGING BUSINESS

The Company conducts the foreign exchange hedging business in accordance with the principles of legality, prudence, safety, and effectiveness. It does not engage in foreign exchange transactions for speculative purposes. All foreign exchange hedging activities are based on normal production and business operations, supported by specific business activities, and aimed at mitigating and preventing exchange rate risks. However, engaging in the foreign exchange hedging business also entails certain risks:

1. Market risk: If exchange rate movements deviate significantly from the Company's expectations, the costs incurred after locking in an exchange rate may exceed those that would have been incurred without locking in the rate, thereby resulting in potential losses.

2. Risks related to customer or supplier payments: Situations such as overdue customer receivables or order adjustments by customers may cause actual payment receipts to deviate from the predicted timing and amount; similarly, delays in payments to suppliers may affect the Company's cash flow. Consequently, actual cash flows may not fully align with the timing or amount of the executed foreign exchange hedging transactions, potentially resulting in losses for the Company.

3. Legal risk: Changes in relevant laws or violations of legal regulations by counterparties may prevent the normal execution of contracts, resulting in losses for the Company.

4. Other unknown risks.

## V. RISK CONTROL MEASURES ADOPTED BY THE COMPANY

1. The Company has established the Foreign Exchange Hedging Business Management System. This system sets forth clear provisions regarding the Company's foreign exchange transaction limits, scope of instruments, tiered authorization system, internal review processes, responsible departments, information segregation measures, risk reporting and handling procedures. The system complies with the relevant requirements of regulatory authorities, meets practical operational needs, and the risk control measures established are practical and effective.

2. The Finance Department is responsible for the centralized management of the Company's foreign exchange hedging business. All foreign exchange transactions must be based on normal production and business operations as well as international investment and financing activities, and must be supported by specific business operations. Speculative and arbitrage transactions are prohibited. Operations must be conducted strictly in accordance with the provisions of the Foreign Exchange Hedging Business Management System to effectively ensure the implementation of the regulations.

3. The Company's foreign exchange hedging transactions must be based on forecasts of foreign currency receipts from exports and foreign currency payments from imports, or on actual production and business operations such as foreign currency bank loans. The foreign currency amount of the transaction contract shall not exceed the projected foreign currency receipts, foreign currency payments, or the amount of foreign currency bank loans. For foreign exchange hedging transactions involving physical delivery, the delivery period must align with the Company's projected timing of foreign currency receipts or payments, or with the maturity date of the corresponding foreign currency bank loans.

4. The Company's Audit Department is responsible for reviewing and supervising the actual operations of the foreign exchange hedging business, including the use of funds, profit and loss, accounting treatment, compliance with regulations, and information disclosure.

## VI. ACCOUNTING POLICIES AND ACCOUNTING PRINCIPLES

In accordance with relevant provisions and guidelines issued by the Ministry of Finance, including the Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standard for Business Enterprises No. 24 – Hedging, and the Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments, the Company performs the appropriate accounting treatment for the proposed foreign exchange hedging business to reflect the relevant items on the balance sheet and income statement.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

# RESOLUTION ON THE PURCHASE OF DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE

To further improve the Company's risk management system and protect the rights and interests of the Company's Directors and senior management, and in accordance with the Code of Corporate Governance for Listed Companies and other relevant laws and regulations, it is proposed to continue purchasing liability insurance for the Company and all Directors and senior management. The specific details of the liability insurance plan are as follows:

1. Policyholder: Zhejiang Sanhua Intelligent Controls Co., Ltd.

2. Insured: The Company and all Directors and senior management (the specific scope shall be subject to the terms agreed upon between the Company and the insurance company)

3. Indemnity limit: Not exceeding RMB100,000,000 (the specific amount shall be subject to the terms agreed upon with the insurance company)

4. Premium: Not exceeding RMB400,000 (the specific amount shall be subject to negotiation with the insurance company)

5. Policy term: 1 year

To enhance decision-making efficiency, a resolution is hereby submitted to the general meeting to authorize the Board and consent to the Board authorizing the Company's management to handle matters related to the purchase of Directors' and senior management's liability insurance within the aforementioned authority (including but not limited to determining the insurance company; determining the indemnity limits, premium, and other insurance terms; selecting and engaging insurance brokerage firms or other intermediaries; signing relevant legal documents and handling other matters related to the insurance application), as well as handling matters related to renewal or re-insurance upon or prior to the expiration of future Directors' and senior management's liability insurance contracts. All Directors of the Company shall abstain from voting on this resolution, and this resolution is submitted directly to the Company's general meeting for consideration.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
March 2026

Pursuant to the Hong Kong Listing Rules, this appendix serves as an explanatory statement intended to provide you with the necessary information reasonably required to make an informed decision on whether to vote for or against the special resolution regarding the H Shares Repurchase Mandate to be proposed at the AGM.

## SHARE CAPITAL

As at the Latest Practicable Date, the Company's issued share capital comprised 3,731,477,535 A Shares with a par value of RMB1.00 each and 476,536,400 H Shares with a par value of RMB1.00 each. Subject to the approval of the resolution on the H Shares Repurchase Mandate, and assuming that the Company's issued share capital remains unchanged from the Latest Practicable Date until the AGM, the Company may repurchase up to 47,653,640 H Shares pursuant to the H Shares Repurchase Mandate, representing 10% of the total number of issued H Shares (excluding any treasury shares) as of the date on which the relevant resolution is passed at the AGM.

## REASONS FOR THE REPURCHASE

The Directors believe that, subject to compliance with the relevant provisions of the Company Law, the Securities Law, the Hong Kong Listing Rules, or any other applicable laws, regulations, and normative documents, as well as the Articles of Association, in order to enable the Company to repurchase Shares flexibly under appropriate circumstances, and having comprehensively considered market conditions, the Company's business operations, financial condition, and future development prospects, the grant or exercise of the H Shares Repurchase Mandate is in the best interests of the Company as a whole. Such repurchases will only be made if the Directors believe they will be in the best interests of the Company and its Shareholders.

## EXERCISE OF THE H SHARES REPURCHASE MANDATE

Subject to the approval by the Shareholders of the special resolution regarding the H Shares Repurchase Mandate at the AGM, the Board will be granted the H Shares Repurchase Mandate, which will expire on the earlier of: a) the date of the conclusion of the Company's 2026 annual general meeting; or b) the date on which a special resolution is passed at any general meeting of the Company to revoke or amend the general mandate granted to the Board under such resolution. In addition, the H Shares Repurchase Mandate may only be exercised upon obtaining the necessary approvals from the relevant regulatory authorities in the PRC (if applicable) in accordance with the laws, regulations and rules of the PRC.

## FUNDING OF REPURCHASE

When repurchasing H Shares, the Company intends to utilize funds from its internal resources that may lawfully be utilized for the repurchase of H Shares in accordance with the Articles of Association and applicable laws, rules, and regulations of the PRC. The Company shall not repurchase securities on the Hong Kong Stock Exchange for consideration other than cash or through settlement methods that do not comply with the trading rules established by the Hong Kong Stock Exchange from time to time.

## IMPACT ON WORKING CAPITAL

The Directors believe that if the H Shares Repurchase Mandate is fully exercised at any time during the proposed repurchase period, the Company's working capital and asset-liability ratio will not be materially and adversely affected (as compared to those disclosed in the audited consolidated accounts set out in the Company's annual report for the year ended December 31, 2025). However, the Directors will not exercise the H Shares Repurchase Mandate if doing so would have a material and adverse impact on the Company's working capital requirements or asset-liability levels.

## STATUS OF REPURCHASED H SHARES

The Company may, depending on the circumstances at the time of repurchase (such as market conditions, the purpose of the repurchase, and its capital management needs), cancel the H Shares repurchased under the H Shares Repurchase Mandate and/or hold them as treasury shares. Under the PRC laws, if the H Shares repurchased by the Company will be cancelled, the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

## H SHARES PRICE

During the period from the Listing Date to the Latest Practicable Date, the highest and lowest trading prices of the H Shares on the Hong Kong Stock Exchange were as follows:

| **Month** | **Highest** | **Lowest** |
|---|---|---|
| | *HK$* | *HK$* |
| **2025** | | |
| June (from the Listing Date) | 26.90 | 20.70 |
| July | 29.55 | 22.15 |
| August | 32.60 | 25.85 |
| September | 44.48 | 28.30 |
| October | 46.48 | 34.36 |
| November | 40.98 | 30.18 |
| December | 40.70 | 32.16 |
| **2026** | | |
| January | 41.36 | 34.04 |
| February | 39.50 | 32.38 |
| March | 33.36 | 27.68 |
| April | 34.14 | 28.58 |
| May | 37.90 | 31.10 |
| June (as of the Latest Practicable Date) | 32.06 | 30.34 |

## SHARES REPURCHASED BY THE COMPANY

During the six months prior to the Latest Practicable Date, the details of the Shares repurchased by the Company (whether repurchased on the Hong Kong Stock Exchange or by other means) are as follows:

The details of the Company's repurchase of A Shares on the Shenzhen Stock Exchange through centralized bidding transactions are as follows:

*Unit: Yuan Currency: RMB*

| Date of repurchase | Number of Shares repurchased | Highest trading price per share | Lowest trading price per share |
|---|---|---|---|
| November 4, 2025 | 429,300 | 46.88 | 46.29 |
| November 14, 2025 | 699,300 | 43.00 | 42.73 |
| December 23, 2025 | 664,200 | 45.28 | 44.71 |
| December 24, 2025 | 1,109,400 | 45.27 | 44.96 |
| December 29, 2025 | 1,027,100 | 48.82 | 47.56 |
| December 30, 2025 | 375,000 | 51.00 | 47.70 |
| December 31, 2025 | 909,700 | 54.25 | 52.58 |

In addition, on November 13, 2025, the Company repurchased and canceled a total of 912,000 restricted A Shares through private arrangements. The highest trading price was RMB11.40 per share, the lowest trading price was RMB9.05 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased any Shares on the Hong Kong Stock Exchange or by any other means during the six months immediately preceding the Latest Practicable Date.

## DISCLOSURE OF INTERESTS AND IMPLICATIONS UNDER THE TAKEOVERS CODE

If the Company exercises its powers under the H Shares Repurchase Mandate to repurchase Shares, resulting in an increase in a Shareholder's proportionate interest in the Company's voting rights, such increase shall be deemed a takeover for the purposes of Rule 26 of the Takeovers Code. Consequently, a Shareholder or a group of Shareholders acting in concert may acquire or consolidate control of the Company, thereby triggering the obligation to make a mandatory offer pursuant to Rules 26 and 32 of the Takeovers Code. As of the Latest Practicable Date, to the best knowledge and belief of the Directors, the Directors are not aware of any consequences under the Takeovers Code or any applicable similar laws that would arise from any share repurchase conducted pursuant to the H Shares Repurchase Mandate. If a repurchase on the Hong Kong Stock Exchange would result in non-compliance with Rule 8.08 of the Hong Kong Listing Rules, the Directors will not proceed with the relevant share repurchase.

To the best knowledge of the Directors, having made all reasonable enquiries, none of the Directors or their respective close associates have any present intention to sell to the Company any of the H Shares in the Company if the H Shares Repurchase Mandate is approved at the AGM. As at the Latest Practicable Date, no core connected person of the Company has notified the Company that he/she/it has a present intention to sell any H Shares nor has such core connected person undertaken not to sell any of the securities held by him/her/it to the Company in the event that the H Shares Repurchase Mandate is granted.

## GENERAL

The Directors will, where applicable, exercise the power of the Company to make repurchases pursuant to the H Shares Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC. To the best knowledge of the Directors, neither the explanatory statement nor the proposed share repurchase has any unusual features.

# ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

# MANAGEMENT MEASURES OF REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT

## CHAPTER I GENERAL PROVISIONS

**Article 1** To ensure that the Directors and senior management of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the "**Company**") perform their duties in accordance with the law, improve the Company's remuneration management system, and establish a scientific and effective incentive and accountability mechanism, these Measures are hereby formulated in accordance with the relevant provisions of the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Code of Corporate Governance for Listed Companies (hereinafter referred to as the "**Corporate Governance Code**"), the Measures for the Administration of Independent Directors of Listed Companies (hereinafter referred to as the "**Measures for the Administration of Independent Directors**"), other relevant laws, regulations, and the Articles of Association of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the "**Articles of Association**").

**Article 2** The term "Directors" as used in these Measures refers to all incumbent members of the Board of Directors of the Company during the period of enforcement of these Measures, including internal Directors, external Directors (if any), and independent Directors. The term "internal Directors" as used in these Measures refers to a Director who is an employee or a management member of the Company under a labor contract or an employment contract. The term "external Directors" as used in these Measures refers to a non-independent Director who does not hold any position in the Company other than that of Director. The term "independent Directors" as used in these Measures refers to a Director who does not hold any position in the Company other than that of Director, and who has no direct or indirect conflict of interest with the Company, its substantial Shareholders, or its actual controllers, nor any other relationship that may affect his/her ability to make independent and objective judgments.

The term "senior management" as used in these Measures refers to the Company's chief executive officer, president, chief engineer, board secretary, chief financial officer, and any other persons specified in the Articles of Association.

**Article 3** The remuneration of Directors and senior management shall be aligned with the Company's long-term development and the interests of Shareholders to ensure the Company's long-term stable development. The remuneration of Directors and senior management shall be commensurate with market development, aligned with the Company's operational performance and individual achievements, and consistent with the Company's sustainable development. The Company's remuneration system adheres to the following principles:

1. Principle of competitiveness: The remuneration provided by the Company shall be competitive compared to the income level of equivalent positions in the market;

2. Principle of determining remuneration by position: The remuneration for each position within the Company shall reflect the value of each position to the Company and embody the alignment of "responsibilities, authorities and interests";

3. Principle of linking with performance;

4. Principle of combining short-term and long-term incentives;

5. Principle of combining incentives and constraints;

6. Principle of combining performance-linked remuneration and the clawback mechanism.

## CHAPTER II MANAGEMENT AUTHORITY

**Article 4** The Remuneration and Evaluation Committee of the Board of Directors of the Company shall, in accordance with the Company's remuneration management system, formulate annual remuneration plans for Directors and senior management, which shall specify the basis for determining remuneration and its specific components.

**Article 5** Remuneration plans for Directors shall be determined by the general meeting and disclosed. Remuneration plans for senior management shall be approved by the Board of Directors, explained to the general meeting, and fully disclosed.

**Article 6** The Company shall establish fair and transparent standards and procedures for evaluating the performance and fulfillment of duties of Directors and senior management.

The performance appraisal of Directors and senior management shall be organized by the Remuneration and Evaluation Committee of the Board of Directors. The Company may entrust a third party to conduct performance appraisal. When the Board of Directors or the Remuneration and Evaluation Committee evaluates an individual Director or discusses the Director's remuneration, the Director involved shall recuse himself/herself.

If the Company incurs an annual loss, it shall provide a specific explanation at each stage of the remuneration review process for Directors and senior management regarding whether changes in remuneration meet the requirements for performance linkage, to ensure that remuneration is strictly linked to operating performance and the fulfillment of duties.

The performance appraisal of independent Directors shall be conducted through methods such as self-evaluation and peer evaluation.

The Board of Directors shall report to the general meeting on the Directors' performance of duties, the results of performance appraisal, and their remuneration, and the Company shall disclose such information. Relevant details may be disclosed through the Work Report of the Board of Directors.

**Article 7** The Remuneration and Evaluation Committee of the Board of Directors of the Company shall be responsible for establishing performance appraisal criteria for Directors and senior management, conducting such appraisal, formulating and reviewing remuneration policies and plans for Directors and senior management.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Evaluation Committee, it shall record the Remuneration and Evaluation Committee's opinions and the specific reasons for non-adoption in the Board resolution and disclose such information.

**Article 8** The duties and powers of the Remuneration and Evaluation Committee of the Board of Directors of the Company are set forth in the Articles of Association and the Terms of Reference for the Remuneration and Evaluation Committee of the Board of Directors.

## CHAPTER III REMUNERATION STANDARDS

**Article 9** The remuneration for the Company's internal Directors and senior management consists of basic remuneration, performance-based remuneration, and medium-to long-term incentive income, among others. In principle, performance-based remuneration shall account for no less than 50% of the total amount of basic remuneration and performance-based remuneration.

Basic remuneration shall be a fixed annual remuneration paid on a monthly average basis; performance-based remuneration shall be primarily linked to the Company's operating performance and the results of individual performance appraisal; medium-to long-term incentive income shall be implemented in accordance with the Company's relevant incentive schemes.

**Article 10** Different annual basic remuneration standards shall be established for the Company's internal Directors and senior management based on their respective responsibilities, risks, and pressures. The annual basic remuneration shall be fixed and paid on a monthly average basis.

**Article 11** The performance-based remuneration for the Company's internal Directors and senior management shall be linked to the Company's profit achievement rate, annual business performance appraisal, and the results of the target responsibility system appraisal.

**Article 12** Where an internal Director of the Company also serves as senior management, the maximum annual remuneration shall be determined based on the higher of the two amounts, and no duplicate payments shall be made.

**Article 13** The amount of allowances for external Directors and independent Directors shall be determined by the Company's general meeting. The Company shall bear the reasonable expenses incurred by external Directors and independent Directors in performing their duties (such as attending board meetings and general meetings) in accordance with the relevant provisions of the Company Law and the Articles of Association. No separate allowances shall be paid to internal Directors.

## CHAPTER IV PAYMENT OF REMUNERATION

**Article 14** The remuneration for the Company's internal Directors and senior management shall be paid in accordance with the Company's payroll system. The allowance for independent Directors and external Directors shall be paid commencing in the month following the date on which the resolution approving their appointment is passed at the general meeting.

Individual income tax on the remuneration of the Company's Directors and senior management shall be withheld and paid by the Company in accordance with the relevant national requirements.

**Article 15** The determination and payment of performance-based remuneration and medium-to long-term incentive income for the Company's Directors and senior management shall be based primarily on performance appraisal.

The Company shall ensure that a certain percentage of the performance-based remuneration is paid to Directors and senior management following the disclosure in the annual report and the completion of the performance appraisal, which shall be conducted based on audited financial data.

**Article 16** During their term of office, if any of the following circumstances occurs to the Company's Directors and senior management, the Company shall not pay the performance-based remuneration or allowances:

1. being publicly reprimanded by a stock exchange or declared an unsuitable candidate;

2. being subject to administrative penalties by the China Securities Regulatory Commission for major violations of laws and regulations;

3. leaving office without authorization, resigning or being dismissed for personal reasons;

4. other circumstances determined by the Board of Directors of the Company as serious violations of the Company's relevant regulations.

## CHAPTER V REMUNERATION ADJUSTMENT

**Article 17** The remuneration structure shall serve the Company's business strategy and be adjusted in response to the changing business conditions of the Company, so as to cope with the needs of the Company's further development.

**Article 18** The basis for adjusting the remuneration of the Company's Directors and senior management is as follows:

1. Salary increase rate in the same industry: Collect remuneration data from the same industry through market salary reports or publicly available data annually, and conduct summary and analysis as a reference for the Company's remuneration adjustments;

2. Inflation level: Refer to the inflation level to ensure that the real purchasing power of remuneration does not decrease, serving as a reference for the Company's remuneration adjustments;

3. The Company's profitability and individual performance achievements;

4. Organizational structure adjustments;

5. Individual adjustments due to changes in positions.

**Article 19** Upon consideration and approval by the Remuneration and Evaluation Committee of the Board of Directors of the Company, special incentives or penalties may be established on a temporary basis for specific matters as a supplement to the remuneration for the Directors and senior management serving in the Company.

## CHAPTER VI CLAWBACK MECHANISM

**Article 20** During their tenure, if a Director or senior management falls under any of the following circumstances, the Company shall immediately initiate the remuneration clawback mechanism:

1. If circumstances arise that render the individual ineligible to serve as a Director or senior management of a listed company, the Company shall immediately remove the individual from office and suspend payment of all remuneration effective from the date of removal;

2. If a Director or senior management acts with intent or gross negligence while performing their duties, thereby causing significant damage to the Company or others, the Company shall immediately suspend payment of their remuneration effective from the date of the occurrence, as well as their annual performance-based remuneration for the year in which the occurrence took place;

3. If a Director or senior management violates laws, regulations, the Articles of Association and internal policies, and causes significant losses to the Company, the Company shall immediately suspend payment of their remuneration effective from the date of the violation, as well as their annual performance-based remuneration for the year in which the violation took place.

**Article 21** When the Company makes retrospective restatements for its financial statements due to misstatements such as financial fraud, it shall promptly reassess the performance-based remuneration and medium-to long-term incentive income of Directors and senior management and recover any excess payments accordingly.

**Article 22** If a Director or senior management of the Company breaches their duties and causes losses to the Company, or is at fault for illegal or non-compliant acts such as financial fraud, misappropriation of funds, or unauthorized guarantees, the Company shall, depending on the severity of the circumstances, reduce or suspend the payment of any outstanding performance-based remuneration and medium-to long-term incentive income, and recover all or part of the performance-based remuneration and medium-to long-term incentive income already paid during the period in which the relevant acts took place.

**Article 23** Matters related to the clawback of payments shall be proposed by the Remuneration and Evaluation Committee of the Board of Directors, reviewed and approved by the Board of Directors, and implemented accordingly. Where such matters involve Directors' remuneration, the disclosure procedures and general meeting approval procedures shall be implemented in accordance with the regulations.

## CHAPTER VII SUPPLEMENTARY PROVISIONS

**Article 24** Matters not covered herein shall be dealt with in accordance with the national laws, administrative regulations, departmental rules, normative documents, and the Articles of Association; if these Measures conflict with laws, administrative regulations, departmental rules, normative documents promulgated by the state in the future, and the Articles of Association as amended through lawful procedures, the provisions of the relevant laws, administrative regulations, departmental rules, normative documents, and the Articles of Association shall prevail.

**Article 25** These Measures shall come into effect from the date of consideration and approval at the general meeting of the Company, and the same shall apply to any amendments thereto.

**Article 26** These Measures shall be interpreted by the Board of Directors of the Company.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
April 2026

# RESOLUTION ON THE 2026 REMUNERATION PLAN FOR DIRECTORS

To further improve the corporate governance structure, refine the incentive and accountability mechanisms for Directors, and ensure their enthusiasm and independence in performing their duties, the Company has formulated the 2026 Remuneration Plan for Directors in accordance with the Company Law, the Code of Corporate Governance for Listed Companies, and other relevant laws and regulations, as well as the Articles of Association, after taking into account the Company's actual operating scale and with reference to industry remuneration standards. The details are as follows:

**1. Remuneration for Non-Independent Directors**

Non-independent Directors who concurrently hold other positions at Shareholder entities, the Company, or its subsidiaries shall receive remuneration in accordance with the relevant systems governing remuneration and performance appraisal for such positions. Unless otherwise approved by the general meeting, the Company will not pay any additional Director's allowance. If a non-independent Director does not hold any concurrent positions within the aforementioned entities, the remuneration plan shall be considered by the Board and submitted to the general meeting for decision.

**2. Remuneration for Independent Directors**

Independent Directors shall be compensated under a fixed allowance system. The allowance standard for 2026 is RMB160,000 per year before tax, paid on a monthly basis. Reasonable expenses incurred from attending relevant Company meetings or performing related duties shall be borne by the Company.

All Directors of the Company shall abstain from voting on this resolution, which shall be submitted directly to the Company's general meeting for consideration.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
April 2026

# ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

# SHAREHOLDER DIVIDEND RETURN PLAN FOR THE NEXT THREE YEARS (2026 – 2028)

Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the "**Company**") is committed to its own sustainable development, while placing great emphasis on providing shareholders with reasonable returns on investments, with a focus on the stability and continuity of returns. To further regulate the Company's dividend distribution practices, ensure reasonable returns on investment for Shareholders, and enhance the transparency and practicality of dividend distribution decisions, in accordance with the relevant laws, regulations, and normative documents such as the China Securities Regulatory Commission's Guidelines for Supervision of Listed Companies No. 3 – Cash Dividends of Listed Companies, as well as the relevant provisions of the Articles of Association of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), and after comprehensively considering factors such as the Company's profitability, financial condition, business development plans, and shareholder returns, the Company has formulated the Shareholder Dividend Return Plan for the Next Three Years (2026 – 2028) (hereinafter referred to as the "**Shareholder Return Plan**" or the "**Plan**"), as detailed below:

## Article 1 Factors Considered in Formulating the Plan

Based on a comprehensive consideration of the Company's actual circumstances, development strategy, corporate vision, profitability, shareholder returns, cost of capital, external financing environment, and cash flow status, the Company establishes a sustainable, stable and scientifically sound plan and mechanism for investor returns. This enables the Company to make institutional arrangements for profit distribution to ensure the continuity and stability of its profit distribution policy.

## Article 2 Principles for Formulating the Plan

The formulation of the Plan complies with relevant laws, regulations, normative documents, and the provisions regarding profit distribution policy in the Articles of Association. It fully considers and solicits the opinions of minority shareholders, prioritizes reasonable returns on investment for investors, and balances the Company's sustainable development to ensure the continuity and stability of the profit distribution policy.

## Article 3 Specific Shareholder Return Plan for the Next Three Years (2026 – 2028)

(I) Distribution method: The Company may distribute dividends in the form of cash, stock, a combination of cash and stock, or other methods permitted by laws and regulations. Provided that the conditions for cash distribution are met, the Company will prioritize cash dividends for profit distribution and may conduct interim distribution.

(II) Minimum cash dividend ratio of the Company: Provided that the Company's cash flow is sufficient to support its normal operations and long-term development, the Company shall, in principle, pay cash dividends once a year. Over any three consecutive years, the cumulative profits distributed in cash shall not be less than 30% of the average annual distributable profits achieved over the preceding three years. The specific dividend ratio shall be proposed by the board of directors in accordance with relevant regulations and the Company's operating conditions, and shall be considered and approved at the general meeting of the Company.

(III) In addition to distributing cash dividends, the board of directors may, based on the Company's development needs, propose a plan for the distribution of stock dividends, which shall be implemented after being considered and approved at the general meeting.

Specific conditions for the distribution of stock dividends: Where the Company's business performance is sound, and the board of directors deems that the Company's stock price is not commensurate with the size of the share capital, and that the distribution of stock dividends is in the best interests of all shareholders, the board of directors may propose a stock dividend distribution plan provided that the conditions for cash dividends set forth above are met.

(IV) The board of directors shall comprehensively consider factors such as the characteristics of the industry in which the Company operates, the stage of development, its business model, profit levels, and whether there are any major capital expenditure arrangements. It shall distinguish among the following scenarios and propose a differentiated cash dividend policy in accordance with the procedures stipulated in the Articles of Association:

1. If the Company is in the mature stage of development and has no major capital expenditure arrangements, the proportion of cash dividends in the current profit distribution shall be no less than 80% when conducting profit distribution;

2. If the Company is in the mature stage of development and has major capital expenditure arrangements, the proportion of cash dividends in the current profit distribution shall be no less than 40% when conducting profit distribution;

3. If the Company is in the growth stage of development and has major capital expenditure arrangements, the proportion of cash dividends in the current profit distribution shall be no less than 20% when conducting profit distribution;

Where it is difficult to determine the Company's stage of development but there are major capital expenditure arrangements, the provisions of the preceding paragraph may be applied.

The proportion of cash dividends in the current profit distribution is calculated by dividing the cash dividends by the sum of the cash dividends and stock dividends.

If the board of directors of the Company does not formulate a cash profit distribution plan due to the reason that the conditions described above are not met, it shall disclose in its periodic reports the reasons for not distributing dividends and the intended use of the funds retained for such distribution.

**Article 4 Decision-Making Procedures for the Profit Distribution Plan**

(I) The Company's profit distribution shall prioritize providing investors with a reasonable return on investment. The profit distribution plan shall also take into account the Company's sustainable development. The board of directors of the Company shall propose and formulate a reasonable distribution plan based on the Company's profitability and capital requirements.

(II) If independent directors believe that a specific cash dividend plan may harm the interests of the listed company or minority shareholders, they have the right to issue an independent opinion. If the board of directors does not adopt or does not fully adopt the independent Directors' opinions, it shall record the independent directors' opinions and the specific reasons for non-adoption in the board resolution and disclose such information.

(III) Prior to considering a profit distribution plan at the general meeting, the Company shall proactively engage with shareholders, particularly minority shareholders, through various channels, fully listen to minority shareholders' opinions and concerns, and promptly address the concerns of minority shareholders.

(IV) When the Company convenes the annual general meeting to consider the annual profit distribution plan, it may also consider and approve the conditions, maximum ratio, and maximum amount of interim cash dividends for the following year. The maximum amount of interim cash dividends for the following year considered at the annual general meeting shall not exceed the net profit attributable to the listed company's shareholders for the corresponding period. The board of directors shall formulate a specific interim dividend plan in accordance with the resolution of the general meeting, provided that the conditions for profit distribution are met.

(V) If the board of directors determines that it is indeed necessary to adjust the Company's established Shareholder Return Plan due to external business conditions or the Company's own operational needs, it shall provide a detailed justification for the adjustment and draft a relevant resolution. The adjusted Shareholder Return Plan shall fully take into account the interests of Shareholders, particularly minority shareholders, and shall comply with the provisions of laws, administrative regulations, departmental rules, normative documents, and the Articles of Association.

(VI) After the general meeting of the Company adopts a resolution on the profit distribution plan, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months following the meeting. When distributing dividends in cash, if any shareholder has improperly appropriated the Company's funds, the Company shall deduct the cash dividends allocated to such Shareholder to repay the appropriated funds.

**Article 5 Cycle for Formulating the Shareholder Return Plan and Related Decision-Making Mechanisms**

(I) In principle, the board of directors of the Company shall review the Shareholder Return Plan every three years. If no circumstances specified in the Articles of Association for adjusting the profit distribution policy occur, the Company may implement the most recently formulated or revised Shareholder Return Plan without formulating a new three-year Shareholder Return Plan.

(II) If significant changes occur in the Company's external operating environment or its own operating conditions, or if the current profit distribution plan affects the Company's sustainable operations, and if new regulations on dividend policies for listed companies are promulgated by national laws, regulations, or securities regulatory authorities, and it is indeed necessary to adjust the profit distribution plan, the Company may formulate a new three-year Shareholder Return Plan in accordance with the basic principles of the Plan. The adjusted profit distribution policy shall not violate relevant laws, regulations, or the provisions of the Articles of Association. The proposal for adjusting the dividend policy shall be submitted to the general meeting for consideration after being considered and approved by the board of directors, and shall only take effect upon approval by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

**Article 6 Matters not covered herein shall be dealt with in accordance with the relevant laws, regulations, and the Articles of Association. This Plan shall be interpreted by the board of directors of the Company. This Plan shall come into effect from the date of consideration and approval at the general meeting of the Company, and the same shall apply to any amendments thereto.**

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
April 2026

# RESOLUTION ON THE 2026 REMUNERATION PLAN FOR EXTERNAL NON-EXECUTIVE DIRECTORS

To standardize corporate governance, ensure diligent execution of duties by external non-executive Directors, and enable them to fully leverage professional expertise, it is proposed to formulate the 2026 remuneration plan for external non-executive Directors in accordance with the Company Law, the Code of Corporate Governance for Listed Companies, and other relevant laws and regulations, as well as the relevant provisions of the Articles of Association, taking into account the Company's actual operating conditions and industry remuneration levels. The details are as follows:

**1. Eligibility for remuneration**

Current external non-executive Directors of the Company who do not concurrently hold any position at the Company's shareholder entities, the Company, and the Company's subsidiaries.

**2. Remuneration standards**

Directors shall be compensated under a fixed allowance system. The allowance standard for 2026 is RMB160,000 per year before tax, paid on a monthly basis. Reasonable expenses incurred from attending relevant Company meetings or performing related duties shall be borne by the Company.

**Zhejiang Sanhua Intelligent Controls Co., Ltd.**
June 2026