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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2026**

The Board of the Company hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2026 together with the comparative figures for the corresponding period in 2025 as follows:

HIGHLIGHTS OF 2026 INTERIM RESULTS

- The revenue was approximately RMB16,900.0 million, representing a year-on-year increase of approximately 3.9%.
- The profit attributable to owners of the Company was approximately RMB2,044.1 million, representing a year-on-year decrease of approximately 3.1%.
- The basic and diluted earnings per share were both approximately RMB0.49, as compared with RMB0.57 for the corresponding period in 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Six months ended June 30,	
		2026	2025
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	16,899,973	16,262,787
Cost of revenue		<u>(12,187,991)</u>	<u>(11,740,637)</u>
Gross profit		4,711,982	4,522,150
General and administrative expenses		(942,882)	(1,002,169)
Selling and marketing expenses		(309,679)	(308,079)
Research and development expenses		(763,296)	(704,999)
Net impairment losses on financial assets		(57,233)	(128,991)
Other income		202,135	178,528
Other (losses)/gains, net		<u>(414,204)</u>	<u>23,909</u>
Operating profit		<u>2,426,823</u>	<u>2,580,349</u>
Finance income		58,573	19,367
Finance costs		<u>(65,422)</u>	<u>(67,376)</u>
Finance costs, net		<u>(6,849)</u>	<u>(48,009)</u>
Share of results of associates		<u>3,776</u>	<u>4,148</u>
Profit before income tax		2,423,750	2,536,488
Income tax expenses	4	<u>(342,516)</u>	<u>(398,377)</u>
Profit for the period		<u>2,081,234</u>	<u>2,138,111</u>
Attributable to:			
– Owners of the Company		2,044,065	2,109,940
– Non-controlling interests		<u>37,169</u>	<u>28,171</u>
		<u>2,081,234</u>	<u>2,138,111</u>
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	6	0.49	0.57
– Diluted	6	<u>0.49</u>	<u>0.57</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>2,081,234</u>	<u>2,138,111</u>
Other comprehensive (expense)/income		
<i>Items that may be reclassified to profit or loss in subsequent periods, net of tax:</i>		
– Currency translation differences of foreign operations	<u>(138,389)</u>	<u>153,225</u>
Other comprehensive (expense)/income for the period, net of tax	<u>(138,389)</u>	<u>153,225</u>
Total comprehensive income for the period	<u><u>1,942,845</u></u>	<u><u>2,291,336</u></u>
Attributable to:		
– Owners of the Company	1,905,676	2,263,165
– Non-controlling interests	<u>37,169</u>	<u>28,171</u>
	<u><u>1,942,845</u></u>	<u><u>2,291,336</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at June 30, 2026	As at December 31, 2025
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	14,117,184	13,920,809
Investment properties		6,096	6,905
Right-of-use assets		1,067,918	1,164,886
Deferred tax assets		97,320	129,819
Intangible assets		45,338	48,660
Investments in associates		42,520	44,589
Other non-current assets		434,730	367,949
Total non-current assets		15,811,106	15,683,617
Current assets			
Inventories		5,762,296	5,639,792
Prepayments and other receivables		356,345	322,076
Trade and notes receivables	8	12,387,466	10,993,194
Financial assets at fair value through profit or loss		1,065,728	527,065
Term deposits and restricted cash		2,905,340	2,424,796
Cash and cash equivalents		11,910,189	12,487,189
Current tax assets		42,997	40,810
Other current assets		1,221,932	1,287,592
Total current assets		35,652,293	33,722,514
Total assets		51,463,399	49,406,131
LIABILITIES			
Non-current liabilities			
Borrowings	9	904,920	862,697
Lease liabilities		153,559	205,928
Deferred tax liabilities		216,682	217,239
Other non-current liabilities		693,063	714,798
Total non-current liabilities		1,968,224	2,000,662

		As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000 (Audited)
	<i>Notes</i>		
Current liabilities			
Borrowings	9	2,817,837	2,879,815
Trade and notes payables	10	11,064,853	10,189,209
Contract liabilities	3	110,947	76,167
Lease liabilities		77,118	103,527
Current income tax liabilities		108,418	207,493
Financial liabilities at fair value through profit or loss		16,326	16,364
Accruals and other payables		2,456,753	1,881,893
Other current liabilities		18,185	10,771
Total current liabilities		16,670,437	15,365,239
Total liabilities		18,638,661	17,365,901
EQUITY			
Equity attributable to owners of the Company			
– Share capital		4,208,014	4,208,014
– Treasury shares		(515,782)	(520,488)
– Other reserves		13,801,804	13,922,401
– Retained earnings		15,007,946	14,139,001
		32,501,982	31,748,928
Non-controlling interests		322,756	291,302
TOTAL EQUITY		32,824,738	32,040,230
TOTAL LIABILITIES AND EQUITY		51,463,399	49,406,131

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Zhejiang Sanhua Intelligent Controls Co., Ltd. (the “**Company**”) is a joint stock company with limited liability incorporated in the People’s Republic of China (the “**PRC**”) and its shares are listed on the Shenzhen Stock Exchange (stock code: 002050) on June 7, 2005 and The Stock Exchange of Hong Kong Limited (stock code: 02050) on June 23, 2025, respectively. The parent and the ultimate holding company of the Company is Sanhua Holding Group Co., Ltd. (三花控股集團有限公司) (the “**Holding Company**”), which is also incorporated in the PRC. The registered office and principal place of business of the Company is located at No. 219 Woxi Avenue, Chengtan Street, Xinchang, Shaoxing, Zhejiang Province, PRC.

The Company and its subsidiaries (the “**Group**”) are principally engaged in research and development (“**R&D**”), production and sales of refrigeration and air-conditioning product components and automotive components, which are widely used in the refrigeration and air-conditioning product market and the automotive market, including both of new energy vehicles (“**NEVs**”) and traditional fuel vehicles.

The unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries established in the PRC. Other than those subsidiaries established in overseas whose functional currencies are their local currencies. All values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

These unaudited interim condensed consolidated financial statements have been approved for issue by the Board on August 26, 2026.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of preparation and accounting policies

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (“**IASB**”) and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2025, which have been prepared in accordance with IFRS Accounting Standards, as set out in the 2025 annual report of the Company (the “**2025 Financial Statements**”).

The accounting policies and methods of computation used in the preparation of the Interim Financial Information are generally consistent with those used in the 2025 Financial Statements, except for the adoption of amendments to standards which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2026.

The adoption of these amendments to standards does not have a material impact on the Group’s accounting policies.

2.2 Critical Accounting Estimates and Judgements

The preparation of the interim condensed consolidated financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the 2025 Financial Statements.

3. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The executive directors, who have been identified as being the CODM, consist of the chief executive officer, the chief financial officer and the managers for each business unit. The CODM assesses the financial performance and position of the Group and makes strategic decisions. The CODM also reviews the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

As at June 30, 2026, the CODM has identified the following reportable segments from a product perspective:

- Refrigeration and air-conditioning product components business; and
- Automotive components business

(b) Segment Information

For the six months ended June 30, 2026 and 2025, the CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, general and administrative expenses and research and development expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment losses on financial assets, other income, other gains/(losses), net, finance costs, net and income tax expenses are also not allocated to individual operating segments.

Segment information for the six months ended June 30, 2026 is as follows:

	Refrigeration and air- conditioning product components <i>RMB'000</i> (Unaudited)	Automotive components <i>RMB'000</i> (Unaudited)	Inter segment elimination <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from contracts with external customers	10,431,228	6,452,186	–	16,883,414
Other revenue (i)	13,617	2,942	–	16,559
Segment revenue	10,444,845	6,455,128	–	16,899,973
Operating costs	<u>(7,490,801)</u>	<u>(4,697,190)</u>	<u>–</u>	<u>(12,187,991)</u>
Segment profit	2,954,044	1,757,938	–	4,711,982
Share of results of associates	3,776	–	–	3,776
Other profit or loss				<u>(2,292,008)</u>
Profit before income tax				<u><u>2,423,750</u></u>
Total assets	33,386,547	18,076,852	–	51,463,399
Total liabilities	11,369,596	7,269,065	–	18,638,661
Investments in associates	42,520	–	–	42,520
Increase in non-current assets (ii)	623,695	379,379	–	1,003,074
Net impairment losses on financial assets	51,523	5,710	–	57,233
Depreciation and amortization	<u>378,827</u>	<u>320,366</u>	<u>–</u>	<u>699,193</u>

Segment information for the six months ended June 30, 2025 is as follows:

	Refrigeration and air- conditioning product components <i>RMB'000</i> (Unaudited)	Automotive components <i>RMB'000</i> (Unaudited)	Inter segment elimination <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from contracts with external customers	10,382,763	5,871,026	–	16,253,789
Other revenue (i)	5,930	3,068	–	8,998
Segment revenue	10,388,693	5,874,094	–	16,262,787
Operating costs	<u>(7,461,833)</u>	<u>(4,278,804)</u>	<u>–</u>	<u>(11,740,637)</u>
Segment profit	2,926,860	1,595,290	–	4,522,150
Share of results of associates	4,148	–	–	4,148
Other profit or loss				<u>(1,989,810)</u>
Profit before income tax				<u>2,536,488</u>
Total assets	31,366,810	15,016,022	–	46,382,832
Total liabilities	10,579,193	6,491,982	–	17,071,175
Investments in associates	40,298	–	–	40,298
Increase in non-current assets (ii)	746,717	729,166	–	1,475,883
Net impairment losses on financial assets	118,436	10,555	–	128,991
Depreciation and amortization	<u>327,071</u>	<u>281,384</u>	<u>–</u>	<u>608,455</u>

Notes:

- (i) Other revenue mainly represents lease income.
- (ii) Increase in non-current assets other than long-term investments, goodwill, deferred tax assets and other non-current assets.

(c) **Revenue**

Revenue represents the net invoiced value of goods sold, after allowance for returns and trade discounts. An analysis of the Group's revenue is as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognized under IFRS 15		
– Refrigeration and air-conditioning product components	10,431,228	10,382,763
– Automotive components	6,452,186	5,871,026
	16,883,414	16,253,789
Revenue recognized under other accounting standard		
– Rental income from investment properties	16,559	8,998
	16,899,973	16,262,787

The Group's operations are located on the PRC and other countries or regions. Information about the Group's revenue from external customers is presented based on the location of the customers.

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC	9,847,535	9,051,921
Other countries or regions	7,052,438	7,210,866
	16,899,973	16,262,787

4. INCOME TAX EXPENSES

The income tax expenses of the Group during the six months ended June 30, 2026 and 2025 are analyzed as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	320,598	377,861
Deferred income tax	21,918	20,516
	342,516	398,377

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

Certain subsidiaries of the Group have obtained High and New Technology Enterprises certification (“**HNTE**”) and hence they are entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years. Other subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the rate of 25%.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “**Super Deduction for research and development**”).

(b) US Corporate Income Tax

The applicable income tax rate of the United States where the Company’s subsidiaries having significant operations is 0%-10% and 21%, which is a blended state rate and federal rate, respectively.

(c) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including Germany, Singapore, Mexico and Japan, had been calculated on the estimated assessable profit at the respective rates prevailing in the relevant jurisdictions.

(d) OECD Pillar Two Model Rules

The Group is within the scope of the Global Anti-Base Erosion (“**GloBE**”) Model Rules (the “**Pillar Two Model Rules**”). The Group has applied the mandatory temporary exception provided under the relevant accounting standards and therefore does not recognise or disclose deferred tax assets and liabilities related to Pillar Two income taxes. Pillar Two income taxes will be recognised as current tax when incurred.

As at June 30, 2026, Pillar Two legislation had been enacted or substantively enacted in 13 jurisdictions in which the Group operates, with the relevant rules becoming effective progressively from 2024 to 2026.

The Group has performed a preliminary assessment of its potential Pillar Two income tax exposure based on the financial information available as at June 30, 2026. Based on the current assessment, the Group expects that the majority of the relevant jurisdictions will qualify for the Transitional Country-by-Country Reporting (“**CbCR**”) Safe Harbour.

For jurisdictions that are not expected to qualify for the Transitional CbCR Safe Harbour, the Group has also performed a preliminary assessment of the potential Pillar Two income tax exposure based on currently available information. For certain jurisdictions where the effective tax rate calculated based on interim financial information is relatively low, after taking into account the relevant Pillar Two rules and adjustments applicable in 2026, the Group’s preliminary assessment indicates that no material top-up tax is expected to arise.

Accordingly, based on the information available as at June 30, 2026, the Group does not expect Pillar Two income taxes to have a material impact on the Group’s financial statements for the period then ended. As the assessment is based on interim financial information, the actual Pillar Two income tax impact may vary depending on the Group’s full-year financial performance, income tax expense, applicable adjustments and further developments in the relevant legislation. The Group will continue to monitor the legislative developments and implementation of the Pillar Two rules and will further assess the potential impact when full-year financial and tax information becomes available.

5. DIVIDENDS

	Six months ended June 30,	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final dividends in respect of the previous year, declared during the period (i)	1,175,906	932,420
Interim dividends in respect of current period, declared during the period (ii)	—	—
Total	1,175,906	932,420

- (i) Final dividends attributable to owners of the Company in respect of 2025 and 2024 of RMB2.80 per 10 shares (tax inclusive) and RMB2.50 per 10 shares (tax inclusive), were approved by the shareholders in the Annual General Meeting, respectively.
- (ii) On August 26, 2026, the Directors of the Company proposed an interim dividend of RMB1.20 (six months ended June 30, 2025: RMB1.20) per 10 ordinary shares (tax inclusive) payable to the shareholders of the Company for the six months ended June 30, 2026. This proposed interim dividend is not reflected as a dividend payable as of June 30, 2026, but will be recorded as a distribution of retained earnings for the subsequent period. The interim dividend is subject to approval by the shareholders in the forthcoming Extraordinary General Meeting of the Company.

6. EARNINGS PER SHARE

(a) Basic Earnings Per Share (“EPS”)

The calculation of basic earnings per share is based on the following:

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
Profit attributable to ordinary shareholders of the Company (<i>RMB'000</i>)	2,044,065	2,109,940
Less: Dividends payable to expected vested restricted shares (<i>RMB'000</i>)	(4,706)	(7,855)
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (<i>RMB'000</i>)	2,039,359	2,102,085
Weighted average number of ordinary shares in issue (<i>thousands</i>)	4,183,368	3,717,672
Basic EPS (<i>RMB per share</i>)	0.49	0.57

(b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the following:

	Six months ended June 30, 2026 (Unaudited)	2025 (Unaudited)
Profit attributable to ordinary shareholders of the Company (RMB'000)	<u>2,044,065</u>	<u>2,109,940</u>
Weighted average number of ordinary shares in issue (thousands)	<u>4,183,368</u>	<u>3,717,672</u>
Adjustments for potential shares arising from share schemes (thousands)	<u>11,897</u>	<u>15,498</u>
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	<u>4,195,265</u>	<u>3,733,170</u>
Diluted EPS (RMB per share)	<u><u>0.49</u></u>	<u><u>0.57</u></u>

7. PROPERTY, PLANT AND EQUIPMENT

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000 (Audited)
Buildings	5,244,912	5,062,067
Freehold land	361,944	362,295
Machinery and equipment	6,271,521	6,391,560
Motor vehicles	23,321	24,878
Office equipment	178,196	194,727
Construction in progress	1,899,978	1,742,467
Leasehold improvement	<u>137,312</u>	<u>142,815</u>
	<u><u>14,117,184</u></u>	<u><u>13,920,809</u></u>

During the six months ended June 30, 2026 and 2025, additions to the Group's property, plant and equipment were RMB991,871,000 and RMB1,290,134,000, respectively.

- (a) Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
Cost of revenue	514,575	398,297
Selling and marketing expenses	3,606	997
General and administrative expenses	84,044	80,207
Research and development expenses	33,897	26,178
	636,122	505,679

8. TRADE AND NOTES RECEIVABLES

	As at	As at
	June 30,	December 31,
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Notes receivables	3,716,707	3,639,996
Trade receivables	9,081,982	7,707,720
Less: credit loss allowance	(411,223)	(354,522)
	12,387,466	10,993,194

- (a) The Group generally grants credit terms ranging from 60 to 120 days to the customers. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at	As at
	June 30,	December 31,
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	9,065,600	7,693,369
1 to 2 years	9,995	10,846
2 to 3 years	3,824	1,769
Over 3 years	2,563	1,736
	9,081,982	7,707,720

- (b) As at June 30, 2026 and December 31, 2025, notes receivables amounting to RMB 2,283,025,000 and RMB 2,436,746,000 were pledged for bank acceptance notes.

9. BORROWINGS

	As at June 30, 2026 <i>RMB'000</i> (Unaudited)	As at December 31, 2025 <i>RMB'000</i> (Audited)
Secured		
Bank loans	<u>866,051</u>	<u>1,880,727</u>
Unsecured		
Bank loans	<u>2,853,287</u>	<u>1,857,507</u>
Interest payables	3,419	4,278
Less: current portion for long-term borrowings	(1,447,630)	(1,488,037)
Less: short-term borrowings	<u>(1,370,207)</u>	<u>(1,391,778)</u>
	<u>904,920</u>	<u>862,697</u>

- (a) As at June 30, 2026 and December 31, 2025, the annual interest rate of short-term borrowings ranged from 2.40% to 4.91%, and 2.11% to 5.03%, respectively.

As at June 30, 2026 and December 31, 2025, the annual interest rate of long-term borrowings ranged from 1.95% to 2.80%, and 1.95% to 2.80%, respectively.

- (b) As at June 30, 2026, guaranteed bank borrowings mainly included: borrowings with a principal equivalent to approximately RMB866,051,000 guaranteed by the Company.

As at December 31, 2025, guaranteed bank borrowings mainly included: borrowings with a principal equivalent to approximately RMB1,880,727,000 guaranteed by the Company.

- (c) As at June 30, 2026 and December 31, 2025, the Group's borrowings were repayable as follows:

	As at June 30, 2026 <i>RMB'000</i> (Unaudited)	As at December 31, 2025 <i>RMB'000</i> (Audited)
Within 1 year	2,817,837	2,879,815
Between 1 and 2 years	<u>904,920</u>	<u>862,697</u>
	<u>3,722,757</u>	<u>3,742,512</u>

- (d) **Fair value**

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

10. TRADE AND NOTES PAYABLES

	As at June 30, 2026 <i>RMB'000</i> (Unaudited)	As at December 31, 2025 <i>RMB'000</i> (Audited)
Trade and notes payables		
– Trade payables	6,601,787	5,894,903
– Notes payables	4,463,066	4,294,306
	11,064,853	10,189,209

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at June 30, 2026 <i>RMB'000</i> (Unaudited)	As at December 31, 2025 <i>RMB'000</i> (Audited)
Within 1 year	6,498,768	5,813,152
Over 1 year	103,019	81,751
	6,601,787	5,894,903

11. EVENTS AFTER REPORTING PERIOD

Distribution plan for interim dividend

After the end of the Reporting Period, the Directors proposed an interim dividend. Further details are disclosed in Note 5 (ii).

MANAGEMENT DISCUSSION AND ANALYSIS

I. MAIN BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Main Businesses

Adhering to the development strategy of “focusing on excellence and innovating for success”, the Company has been dedicated to the R&D, promotion and adoption of thermal management technology, providing customers across the globe with energy-efficient solutions through its industry-leading products of high quality. Focusing on the R&D and application of heat pump technology and thermal management systems, the Company has been committed to developing environmental thermal management solutions that enable efficient heat exchange and intelligent temperature control. The Company has established a business that spans two major sectors: refrigeration and air-conditioning product components and automotive components. Leveraging its extensive technological expertise and innovation in R&D, the Company is broadening its business boundaries into emerging fields, such as bionic robot electromechanical actuators.

1. *Refrigeration and air-conditioning product components business*

The Company mainly engages in the development and application of control components, subsystems and technology solutions, which empower energy-efficient heating, ventilation and air-conditioning systems for buildings and thermal management systems for household appliances. The Company is a key global supplier of refrigeration and air-conditioning control components. In the business segment, the Company offers valves, heat exchangers, pumps, controllers and sensors, among others. Its valve products include electronic expansion valves, four-way reversing valves, service valves, solenoid valves, and ball valves; heat exchangers include micro-channel heat exchangers and brazed plate heat exchangers; pump products include Omega pumps; and sensors cover temperature, pressure, and gas sensors. Such products are widely utilized in residential air-conditioning, small household appliances, commercial air-conditioning and refrigeration, and data center liquid cooling, among other fields.

2. *Automotive components business*

As an early entrant in the NEV thermal management market, the Company has taken a forward-looking approach, maintained a long-term commitment to the NEV thermal management sector, and consistently led industry innovation and development, which establishes the Company as a leading supplier of thermal management system components in the global market. The Company specializes in offering comprehensive and reliable thermal management and control solutions for NEVs, and continuously providing energy-efficient, high-performance products for traditional fuel vehicles.

The Company actively invests in R&D for key technologies, covering strategic products such as integrated modules, electronic expansion valves, electronic water pumps, electronic water valves, and brazed plate heat exchangers, among others. These solutions comprehensively address the needs of diverse application scenarios including cabinet thermal management, battery thermal management and electrical/control system thermal management, enabling precise control and efficient synergies in overall vehicle thermal management. Currently, multiple products of the Company have entered the supply chains of most leading NEV manufacturers for mass production, demonstrating strong market competitiveness and customer recognition. With respect to manufacturing and technological innovation, the Company maintains a leading position within the industry. Continuous investment in development resources ensures a cycle of mass production, design, and conception of core product technologies of the Company.

(II) Industry Development Status

In the first half of 2026, the global economy continued to show signs of divergence, with geopolitical conflicts, trade barriers, and the restructuring of industrial chains exacerbating uncertainty in business operations. The appreciation of the RMB and rising raw material prices squeezed profit margins in the domestic manufacturing sector. AI accelerated the transition from technological breakthroughs to industrial applications, and has been gradually integrated into every stage of the process, including R&D and design, production and operations, supply chains, and customer service. At the same time, trends in AI, smart manufacturing, and green, low-carbon development continued to gain momentum, driving sustained growth in demand across various sectors for products that enable efficient thermal management, precision control, and intelligent sensing and actuation.

1. Refrigeration and air-conditioning product components industry

In the first half of 2026, the external business environment continued to evolve, and the residential air-conditioning industry entered a period of adjustment. According to the statistics from ChinaIOL, China's total production and sales of residential air-conditioning reached 115.525 million units in the first half of 2026, representing a year-on-year decline of 6.2%. In the domestic market, demand growth slowed due to factors such as the waning impact of the home appliance trade-in policy, adjustments in the real estate market, and the industry's inventory digestion efforts, while market competition intensified further. In overseas markets, overall demand came under pressure due to demand fluctuations in some mature markets and changes in the trade environment. However, rising air-conditioning penetration rates in regions such as Europe and Southeast Asia, along with periodic heat waves, continued to present structural growth opportunities. In the long term, trends such as global warming, rising air-conditioning penetration rates, improvements in energy efficiency, and the development of emerging applications such as heat pumps remain unchanged. Growing demand in emerging markets and product upgrades will continue to provide sustained momentum for the industry's development.

Meanwhile, the refrigerator industry has gradually shifted toward a model driven by product upgrades, with market competition characterized by the stock-market nature. Trends toward high-end products, intelligent features, and product structure upgrades continued to deepen. In the kitchen appliance sector, with the continuous elevation of global energy efficiency standards and the increasing stringency of gas safety regulatory requirements, products such as gas stoves, water heaters, and dishwashers are accelerating the transition toward high efficiency, energy saving, safety, and intelligence, driving stable growth in demand for core components such as gas controls and safety protection devices.

In the industrial refrigeration and cold chain logistics sectors, the ongoing advancement of global food cold chain and warehousing logistics infrastructure has shifted refrigeration equipment standards toward higher energy efficiency, operational reliability, and environmental sustainability, fueling steady growth in demand for industrial refrigeration systems, cold chain transportation equipment, and related core components.

Furthermore, emerging industries have been growing at an accelerated pace. In the data center sector, the continued growth in AI computing power has led to a rapid surge in demand for liquid cooling. The rapid development of AI has significantly accelerated global demand for data centers. As chip power and rack power continued to achieve breakthroughs, high-performance servers have placed ever-greater demands on cooling capabilities. Liquid cooling is rapidly penetrating thermal management scenarios in large data centers and is emerging as a key technological approach.

2. *Automotive components industry*

In the first half of 2026, market competition continued to intensify, and the industry's development shifted from scale growth to structural optimization and competition based on capabilities. According to MarkLines and the China Passenger Car Association, global NEV sales reached 11.19 million units in the first half of 2026, representing a 14% year-on-year increase. Among which, sales of new energy passenger vehicles in China grew by only 6%, while exports surged by 130%. Meanwhile, sales of new energy commercial vehicles grew by 36%, a growth rate significantly higher than the industry average. The high growth in NEV exports, the rising penetration rate of new energy commercial vehicles, and the accelerating electrification process in overseas markets such as Europe and Southeast Asia continued to drive demand for core thermal management components, thereby providing long-term development opportunities for the industry.

The accelerated development of intelligent and autonomous driving is facilitating the evolution of automobiles from mere modes of transportation to mobile living spaces. Growing demand for comfort features, such as vehicle refrigerators, hot and cold water dispensers, and personalized temperature control, is expanding the scope of thermal management into more cabin scenarios, opening up new opportunities for the design and application of thermal management products.

3. *Bionic robot industry*

In the first half of 2026, the bionic robot industry continued to transition from technology validation to implementation in industrial settings. Advances in technologies such as embodied intelligence drove pilot applications of robots in manufacturing, logistics, and inspection scenarios. As the intelligence of robots continues to improve and the application scenarios gradually expand, the industry has set higher standards for key technologies such as perception, actuation, and thermal management.

(III) Industry Status

The Company has established a strong presence in the thermal management components sector, with extensive technical expertise and widespread recognition from customers. It serves as a strategic partner to numerous refrigeration, air conditioning, appliances, and automotive companies around the world. The Company is committed to improving the energy efficiency of various end-use products, and is leading global transformation towards the development of energy-efficient and environmentally friendly products. After more than three decades of efforts, the Company has established a leading position in the global refrigeration and air-conditioning products and automotive thermal management sectors, with various products ranking among the top in the global market.

II. ANALYSIS OF CORE COMPETITIVENESS

(I) Commitment to Technological Innovation Fueling Rapid Product Iteration and Strategic Readiness for Future Industry Advancements

The Company places a high priority on R&D investment and technological innovation, and continuously strengthens forward-looking technological research and product development to lay the foundation for long-term growth. Leveraging its mature R&D system and ongoing technological accumulation, the Company is able to respond swiftly to technological reforms in the industry and evolving customer needs, continuously introducing new, market-competitive products and solutions.

The Company has accumulated strong R&D capabilities and the ability for rapid product iteration and advancement. While consolidating its existing product advantages, the Company is also swiftly expanding into new industries, leveraging the synergies among various business segments. The Company is dedicated to establishing a globally competitive R&D system that encompasses all stages from preliminary technical research and product development to large-scale production. It has accumulated a solid technical foundation in core thermal management components such as valves and pumps. The relevant technology platforms possess strong cross-scenario application capabilities, enabling technology reuse and product extension across different end markets. Furthermore, leveraging the technical expertise in thermal management, electromechanical actuation, and system integration, along with the capabilities in precision and large-scale manufacturing, the Company is actively expanding into strategic emerging fields such as bionic robot electromechanical actuators. It continues to advance product R&D, customer validation, and industrialization capabilities, thereby continuously enriching product portfolio and technological reserves to cultivate new avenues for business growth. As at the end of the Reporting Period, the Company had six major R&D centers and 4,877 domestic and foreign licensed patents, including 2,664 granted invention patents.

(II) Commitment to Lean Production and Efficient Resource Allocation

The Company's global manufacturing network, which uniformly employs lean production methodology, constitutes the core advantage of production capabilities. The Company benefits from economies of scale, with 9 production bases worldwide. The Company's production bases offer cost advantages through large-scale production line setups, while its individual factories located around the world provide the flexibility to swiftly respond to and meet the diverse needs of local customers. Moreover, its global production layout, which facilitates localized production or assembly, allows the Company to navigate the rapid global trade developments with greater ease and resilience.

The Company's production management pivots around optimizing resource allocation and implementing process automation, which reduces production cycles and enhances production efficiency. Through a combination of information technology and automation and by using Internet of Things technologies to realize real-time equipment performance monitoring and optimal production resources allocation, the Company achieves stable output and consistent product quality and elevates production efficiency, thereby meeting customer demands for product quality and timely delivery. Furthermore, through the implementation and continuous refinement of its automation initiatives, the Company significantly reduces repetitive manual labor and enhances both production precision and speed.

(III) A Comprehensive Quality Management System Incorporating Control Measures to Ensure the Delivery of High-quality Goods

The Company is dedicated to developing advanced manufacturing technologies and implementing a standardized quality control system to deliver superior products. The Company has established comprehensive quality standards that encompass all production processes and product categories. Its robust quality control system and procedures cover supplier management, new product development, procedure control and after-sales service. These efforts have earned the Company international certifications for quality, environmental health and safety and hazardous substance control systems, including ISO9001, IATF16949 and QC080000. The Company greatly enhances product consistency and precision through rigorous research and development, stringent quality control during production, standardization of components and the implementation of automation technology. This approach allows the Company to boost production efficiency and reduce costs while maintaining high product quality. The Company is equipped with advanced quality inspection equipment and has a dedicated quality inspection team, which help the Company achieve a low defect rate in its products. Additionally, the Company has a robust after-sales service team dedicated to addressing quality issues.

(IV) An Early Entrant in Global Market Exploration, Bolstered by an Extensive Network Encompassing Sales, Research and Development and Manufacturing

The Company's global presence enables it to better cope with the impact of fluctuations in demand across different business segments and regional markets. As an early entrant that started overseas sales efforts in the 1990s, the Company has established an early advantage through strategic deployment in overseas markets. Over the years, the Company has successfully made many of its products household names enjoying global recognition. As of the end of the Reporting Period, the Company's products had reached America, Europe, Asia, Oceania and Africa, spanning over 80 countries and regions worldwide, and the Company has established collaboration with many internationally renowned enterprises. The Company established four overseas production bases in Mexico, Poland, Vietnam and Thailand, and set up a total of three overseas R&D bases in the United States and Germany. The Company's global R&D network and localized production and sales network enable it to quickly meet local customer needs and gain deeper insight into different markets.

(V) Continuous Deepening of Digital and AI Applications to Build Efficient and Synergetic Business Management Capabilities

The Company continues to advance digital and intelligent construction. Based on top-level design, system integration, and data governance, it promotes the in-depth integration of digital technologies into key areas such as R&D and innovation, smart manufacturing, quality management, supply chain operations, and global business operations, thereby continuously improving operational efficiency and organizational synergy. Building on this foundation, the Company actively explores the application of AI in scenarios such as production and manufacturing, business management, and decision support. It promotes data-driven business optimization and management innovation, accelerates the accumulation and replication of best practices, and continuously enhances its ability to respond rapidly to market changes and conduct globally coordinated operations. Through the in-depth integration of the digital system with industry experience, technological expertise, and manufacturing capabilities, the Company continuously improves the efficiency of business decision-making and resource allocation, as well as the level of global operational management, thereby providing strong support for the Company's long-term development and core competitiveness.

(VI) Long-term and In-depth Partnerships with Leading Enterprises to Drive Industry Development

Aiming to anticipate its customers' needs and foster mutual growth, the Company is dedicated to delivering products and services of the highest quality to maximize the value the Company creates for them. Building a robust industry ecosystem and nurturing strong customer relationships are among the Company's top priorities. Under the refrigeration and air-conditioning product components business, the Company has cooperated with the major customers, such as Carrier, BSH, Daikin, Gree, Haier, LG, Midea, Mitsubishi, Panasonic, Samsung, Siemens and Trane, and earned the Company extensive recognition from its customers. Under the automotive components business, the Company has cooperated with renowned automotive companies such as Mercedes-Benz, BMW, BYD, Ford, Geely, General Motors, GAC, Honda, Hyundai, Leapmotor, Li Auto, NIO, Stellantis, SAIC, Toyota, Volkswagen, Volvo and Xpeng, and also served automotive thermal management integrators such as Denso, Hanon, MAHLE and Valeo.

(VII) Profound Industry and Management Experience, Progressive Value Concepts and Forward-thinking Leadership

The Company's management team is highly experienced in the thermal management industry, possessing extensive industry expertise, clear market insights and strong management capabilities. The founder, Mr. Zhang Daocai, and the chairman, Mr. Zhang Yabo, have been dedicated to the advanced manufacturing and thermal management industries. A significant majority of the core members of the Company's management team comprise individuals with technical backgrounds and extensive expertise who possess a keen awareness of technology and product iterations. Beyond their management responsibilities, they actively lead different business segments, optimizing execution efficiency and exploring new possibilities for business growth. With their expertise in refrigeration and air-conditioning product components, automotive components and bionic robot electromechanical actuators, the management team has established a solid groundwork for the Company's evolution into a global industrial group spanning multiple industries and product categories.

III. ANALYSIS OF MAIN BUSINESSES

Overview

In the first half of 2026, faced with a complex and ever-changing external business environment, the Company remained focused on the core business, continued to strengthen product innovation, manufacturing capabilities, and operational management, actively advanced digital and intelligent construction, and continuously enhanced its capabilities in R&D, manufacturing, supply chain management, and global operations management, thereby further strengthening the Company's operational resilience and market competitiveness.

During the Reporting Period, the Company achieved operating revenue of RMB16,900.0 million, representing a year-on-year increase of 3.9%; net profit attributable to shareholders of the listed company was RMB2,044.1 million, representing a year-on-year decrease of 3.1%. By product, operating revenue from the refrigeration and air-conditioning product components business was RMB10,444.8 million, representing a year-on-year increase of 0.5%; and operating revenue from the automotive components business was RMB6,455.1 million, representing a year-on-year increase of 9.9%.

(I) Refrigeration and air-conditioning product components business

In the first half of 2026, the Company continued to strengthen the foundation of the refrigeration and air-conditioning product components business. Focusing on customer needs and industry trends, it continued to drive product innovation and optimize the product portfolio, while reinforcing the competitive advantages of the core products. By deepening cooperation with key customers, the Company continuously enhanced market competitiveness and operational quality. The Company continued to increase R&D investment, advance lean manufacturing and operational improvements, and further refine the product deployment in the sensor sector. Related products have already been deployed at scale across multiple application scenarios.

At the same time, the Company continued to expand into emerging application areas such as liquid cooling for data centers, making positive progress in customer development and product deployment. Product coverage has been further extended to key application scenarios including the primary side, CDUs, and server racks. Keeping pace with trends in data center liquid cooling technology, the Company continued to optimize product solutions and product deployment, enhance capabilities across various product lines, and improve product competitiveness and customer service capabilities, so as to build momentum for future business growth.

(II) Automotive components business

In the first half of 2026, the Company's automotive components business maintained steady growth, continuing to consolidate its competitive edge in thermal management for NEVs, while actively expanding into emerging application areas such as commercial vehicles, energy storage, and autonomous driving. Focusing on customer needs and industry trends, the Company continued to drive product innovation and upgrades, while relentlessly enhancing its system integration capabilities and product competitiveness. At the same time, it adhered to a quality first development philosophy to consistently improve product quality and customer service levels. Meanwhile, the Company continued to advance global expansion, and steadily improved the construction and operational systems of its overseas production bases. It continuously optimized the allocation of global manufacturing resources and the operational capabilities of overseas factories, enhanced end-to-end cost control and supply security, and provided more efficient and stable products and services to customers worldwide.

(III) Strategic emerging businesses

In the first half of 2026, the Company's bionic robot electromechanical actuator products received positive feedback from customers, with product development yielding positive results. Core products steadily progressed toward mass delivery and production ramp-up, while new product R&D and marketing efforts were carried out simultaneously.

IV. OUTLOOK FOR THE COMPANY'S FUTURE DEVELOPMENT

(I) The Company's Development Strategy

The Company adheres to the business philosophy of “focusing on excellence and innovating for success”, and firmly grasps the product development themes of energy conservation, environmental protection and intelligent control, with a strong emphasis on researching and applying heat pump technology, thermal management systems, and electromechanical actuators. By expanding its global business layout through continuous and leading product and technological innovation, the Company provides competitive thermal management and intelligent control solutions for high-quality customers around the world, and is committed to becoming a globally leading provider of thermal management and intelligent control solutions.

(II) Business Plan for the Second Half of 2026

1. Refrigeration and air-conditioning product components business

The Company will continue to strengthen product innovation and product competitiveness, deepen cooperation with strategic clients, consolidate the market position of the core products, actively seize development opportunities arising from industry structural upgrades, and continuously enhance market competitiveness and operational quality. At the same time, the Company will further optimize the allocation of global manufacturing resources, enhance the synergy and operational efficiency of the global manufacturing system, continuously strengthen cost control and supply security capabilities, and deepen the application of digital and AI technologies to improve decision-making efficiency and operational management, thereby laying a solid foundation for long-term, steady development.

In emerging business areas, the Company will focus on development opportunities in the data center liquid cooling industry, continue to advance key client development and refine product portfolios, accelerate customer validation and industrialization processes, and further expand product coverage across application scenarios such as the primary side, CDUs, and server racks. The Company will closely follow trends in AI and computing infrastructure, continuously optimize product solutions and product deployment, and steadily enhance capabilities in thermal management, intelligent control, and sensors to lay the foundation for long-term business growth.

2. Automotive components business

The Company will continue to consolidate its competitive edge in the NEV thermal management business, deepen cooperation with key global customers, and actively expand into emerging application areas such as commercial vehicles, energy storage, and autonomous driving, thereby continuously enhancing its market competitiveness and market share. Focusing on customer needs and industry trends, the Company will continue to strengthen product innovation and upgrades, optimize product system deployment, enhance system integration capabilities and product competitiveness, and continuously reinforce intellectual property protection and the construction of its R&D system to support the long-term growth of its business.

At the same time, the Company will continue to adhere to the operational principle of “refined operations and efficiency through management”, continuously improving operational management standards and the efficiency of resource allocation, strengthening risk management capabilities, advancing organizational optimization and business process improvements, and further leveraging new technologies such as digitalization and AI to continuously enhance operational efficiency and management standards, so as to steadily solidify the operational foundation for high-quality development. The Company will steadily advance its global industrial deployment, improve the construction and operational systems of its overseas production bases, optimize the allocation of global manufacturing resources, and enhance supply chain synergy, delivery assurance, and global operational management capabilities. It will continuously strengthen customer service capabilities, deepen long-term cooperative relationships with high-quality global customers, and lay a solid foundation for the sustainable development of the Company’s global business.

3. Strategic emerging businesses

With respect to the bionic robot business, the Company will seize the opportunities presented by the rapid development of bionic robots, swiftly expand product lines, accelerate the construction of production bases, and fully leverage its customer and technological advantages to achieve rapid growth, optimize product design, and enhance product competitiveness.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2026, the Company adhered to sustainable and healthy development and achieved stable business growth. The revenue of the Group for the period was principally derived from (i) the sales of refrigeration and air-conditioning product components and (ii) the sales of automotive components. The total revenue of the Group reached RMB16,900.0 million, representing an increase of 3.9% as compared to the same period in 2025.

Revenue analysis by product and region

The following tables set forth an analysis of revenue by product category and sales region for the periods indicated, presented in absolute amounts and as a percentage of total revenue, respectively.

By product category:

	Period ended June 30, 2026		Period ended June 30, 2025	
	RMB'000	%	RMB'000	%
Refrigeration and air-conditioning product components	10,444,845	61.8	10,388,693	63.9
Automotive components	6,455,128	38.2	5,874,094	36.1
Total	<u>16,899,973</u>	<u>100.0</u>	<u>16,262,787</u>	<u>100.0</u>

Revenue from refrigeration and air-conditioning product components increased by 0.5% from RMB10,388.7 million for the period ended June 30, 2025 to RMB10,444.8 million for the period ended June 30, 2026, which was primarily due to the pressure exerted on traditional industries by the evolving external business environment during the first half of 2026.

Revenue from automotive components increased by 9.9% from RMB5,874.1 million for the period ended June 30, 2025 to RMB6,455.1 million for the period ended June 30, 2026, primarily due to strong sales performance driven by the Group's energy-efficient and high-performance products.

By sales region:

	Period ended June 30, 2026		Period ended June 30, 2025	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
China	9,847,535	58.3	9,051,921	55.7
Other countries or regions	7,052,438	41.7	7,210,866	44.3
Total	<u>16,899,973</u>	<u>100.0</u>	<u>16,262,787</u>	<u>100.0</u>

The Group generated revenue from both China and overseas markets. For the period ended June 30, 2026, revenue from China increased by 8.8% compared with the corresponding period of last year, mainly due to the Group's continued penetration into the Chinese market. Revenue from other countries or regions decreased by approximately 2.2% from RMB7,210.9 million to RMB7,052.4 million. The decrease was mainly attributable to pressure on overseas markets, particularly weaker demand in the U.S., amid continued geopolitical uncertainties and trade barriers.

Cost of Revenue

The cost of revenue of the Group for the period ended June 30, 2026 amounted to RMB12,188.0 million, representing an increase of 3.8% as compared to the same period in 2025, which was in line with the growth trend of revenue during the Reporting Period. The breakdown of the cost categorized by product category is set out below:

Cost of revenue analysis by product

	Period ended June 30, 2026		Period ended June 30, 2025	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Refrigeration and air-conditioning product components	7,490,801	61.5	7,461,833	63.6
Automotive components	4,697,190	38.5	4,278,804	36.4
Total	<u>12,187,991</u>	<u>100.0</u>	<u>11,740,637</u>	<u>100.0</u>

Gross profit and gross profit margin

For the period ended June 30, 2026, the gross profit margin remained broadly stable at 27.9%, compared with 27.8% for the period ended June 30, 2025. The breakdown of the gross profit categorized by product category is set out below:

Gross profit analysis by product

	Period ended June 30, 2026		Period ended June 30, 2025	
	RMB'000	%	RMB'000	%
Refrigeration and air-conditioning product components	2,954,044	62.7	2,926,860	64.7
Automotive components	1,757,938	37.3	1,595,290	35.3
Total	<u>4,711,982</u>	<u>100.0</u>	<u>4,522,150</u>	<u>100.0</u>

General and administrative expenses

For the period ended June 30, 2026, the general and administrative expenses of the Group amounted to RMB942.9 million, representing a decrease of 5.9% from RMB1,002.2 million for the period ended June 30, 2025, mainly due to the effective cost control.

Selling and marketing expenses

For the period ended June 30, 2026, the selling and marketing expenses of the Group amounted to RMB309.7 million, representing an increase of 0.5% from RMB308.1 million for the period ended June 30, 2025, mainly due to the increase in employee salaries for sales personnel during the Reporting Period.

Research and development expenses

For the period ended June 30, 2026, the research and development expenses of the Group amounted to RMB763.3 million, representing an increase of 8.3% from RMB705.0 million for the period ended June 30, 2025, accounting for 4.5% of the Group's revenue during the Reporting Period. The increase in the Group's research and development expenses as compared to the corresponding period in 2025 was mainly attributable to the Group's continuous efforts to deepen its focus on core businesses while steadily concentrating on emerging business areas, along with a corresponding increase in the R&D team and direct investments in R&D projects.

Net impairment losses on financial assets

Net impairment losses on financial assets mainly included impairment losses from changes in the loss allowance for trade receivables and notes receivable at amortized cost, as well as impairment losses from changes in the loss allowance for other receivables. For the period ended June 30, 2026, the Group recorded net impairment losses on financial assets of RMB57.2 million, compared to net impairment losses on financial assets of RMB129.0 million for the period ended June 30, 2025. The change was primarily attributable to the changes in the aging profile of receivables and the corresponding expected credit loss assessment.

Other income

The other income of the Group mainly included government grants, additional deduction for VAT, interest income and others. For the period ended June 30, 2026, the other income of the Group amounted to RMB202.1 million, representing an increase of RMB23.6 million from RMB178.5 million for the period ended June 30, 2025, mainly driven by increased interest income from the Group's term deposits.

Other (losses)/gains, net

The Group's other (losses)/gains, net primarily consists of gains or losses on disposal of financial instruments, fair value changes on derivative financial instruments and equity instruments and net foreign exchange differences, net losses on disposal of property, plant and equipment, intangible assets and other long-term assets, and others. The Group recorded other losses, net of RMB414.2 million for the period ended June 30, 2026 as compared to other gains, net of RMB23.9 million for the period ended June 30, 2025, primarily due to the net loss of foreign exchange differences of RMB285.5 million and fair value changes on equity instruments of RMB197.7 million for the period ended June 30, 2026.

Income tax expense

For the period ended June 30, 2026, the Group's income tax expense was RMB342.5 million, representing a decrease of RMB55.9 million from RMB398.4 million for the period ended June 30, 2025, which was mainly due to the decrease in overall profitability for the period ended June 30, 2026.

FINANCIAL POSITION

The table below sets forth a summary of the Group's consolidated statements of financial position for the periods indicated:

	As at June 30, 2026 <i>RMB'000</i>	As at December 31, 2025 <i>RMB'000</i>
Total non-current assets	15,811,106	15,683,617
Total current assets	<u>35,652,293</u>	<u>33,722,514</u>
Total assets	<u>51,463,399</u>	<u>49,406,131</u>
Total non-current liabilities	1,968,224	2,000,662
Total current liabilities	<u>16,670,437</u>	<u>15,365,239</u>
Total liabilities	<u>18,638,661</u>	<u>17,365,901</u>
Equity attributable to owners of the Company	32,501,982	31,748,928
Net assets	<u><u>32,824,738</u></u>	<u><u>32,040,230</u></u>

The Group's total non-current assets increased from RMB15,683.6 million as at December 31, 2025 to RMB15,811.1 million as at June 30, 2026, primarily due to the increase in property, plant and equipment.

The Group's total current assets increased from RMB33,722.5 million as at December 31, 2025 to RMB35,652.3 million as at June 30, 2026, mainly due to higher trade and notes receivables.

The Group's total non-current liabilities decreased from RMB2,000.7 million as at December 31, 2025 to RMB1,968.2 million as at June 30, 2026, primarily due to the decrease of lease liabilities.

The Group's total current liabilities increased from RMB15,365.2 million as at December 31, 2025 to RMB16,670.4 million as at June 30, 2026, mainly due to the increase in trade and notes payables and accruals and other payables.

The Group's net assets increased from RMB32,040.2 million as at December 31, 2025 to RMB32,824.7 million as at June 30, 2026, primarily attributable to the profit generated during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

The total borrowings of the Group as at June 30, 2026, including all bank loans, amounted to approximately RMB3,722.8 million (December 31, 2025: RMB3,742.5 million). The repayment terms of the bank loans are as follows: approximately RMB2,817.8 million are due within one year, RMB904.9 million are due between one and two years.

As at June 30, 2026, the Group recorded net current assets of approximately RMB18,981.9 million compared to approximately RMB18,357.3 million as at December 31, 2025. The Group's current ratio (namely current assets divided by current liabilities as at the relevant dates) decreased from 2.2 as at December 31, 2025 to 2.1 as at June 30, 2026.

As at June 30, 2026, the Group's cash and cash equivalents amounted to approximately RMB11,910.2 million and RMB12,487.2 million as at December 31, 2025. The Group's cash and cash equivalents are mainly denominated in RMB, US\$, and EUR.

The Group is of the view that the favorable performance in sales, production, R&D, and a healthy cash reserve during the Reporting Period have provided a solid guarantee for sustainable development in the future.

CAPITAL STRUCTURE

The financial department under the Group is responsible for its financial risk management, aiming to ensure that the liquidity structure of the assets, liabilities and other commitments of the Group could meet its funding needs on an ongoing basis.

The borrowings of the Group were mainly settled in RMB, while its cash and cash equivalents were mainly held in RMB, Euro, and U.S. dollars. The Group planned to maintain an appropriate portfolio of equity and debt during the Reporting Period to ensure an effective capital structure. As at June 30, 2026, the Group's outstanding loans are predominantly RMB-denominated, with a portion in USD and Euro. Approximately 36.4% of these outstanding loans bear interest at fixed rates, and the remainder at floating rates.

The Group monitored the capital structure by asset-liability ratio (i.e. total liabilities divided by total assets and multiplied by 100%), with its policies to maintain financial stability and support the sustainable, healthy and rapid development of the Group's business. The asset-liability ratio of the Group as at June 30, 2026 was 36.2% (December 31, 2025: 35.1%). The Group maintained its financial stability amidst rapid business development.

CAPITAL EXPENDITURES

For the period ended June 30, 2026, the Group's capital expenditures amounted to RMB1,003.1 million, representing a decrease of RMB472.8 million from RMB1,475.9 million for the period ended June 30, 2025. Capital expenditures primarily consist of expenditure on purchase of property, plant and equipment (including right-of-use assets) and intangible assets. The Group's capital expenditures were primarily funded by cash flows generated from operating activities, proceeds and bank borrowings.

CAPITAL COMMITMENTS

The contracted commitments decreased from RMB990.3 million as at December 31, 2025 to RMB908.9 million as at June 30, 2026, primarily reflecting the Group's ongoing construction of factories and R&D center in Hangzhou, Zhongshan and overseas.

The authorized, but not contracted commitments decreased from RMB5,321.7 million as at December 31, 2025 to RMB4,960.3 million as at June 30, 2026, primarily reflecting the Group's ongoing construction plans of factories for automotive components, in particular, for NEVs, in Hangzhou, Shaoxing, Zhongshan and overseas.

CHARGES ON ASSETS

As at June 30, 2026, the Group had notes receivables of RMB3,716.7 million, of which approximately RMB2,283.0 million (December 31, 2025: RMB2,436.7 million) were pledged for bank acceptance notes for daily payment of goods.

FOREIGN EXCHANGE RISK

The Group's operations are geographically diversified, with production bases and sales markets spanning major developed and developing countries and regions, including the United States, the European Union, Japan, India, and Mexico. Most of the Group's income and expenditure are settled in RMB and US dollars, exposing the Group to potential earnings volatility arising from fluctuations in exchange rates.

To mitigate this risk, the Group has implemented a comprehensive set of foreign exchange risk management strategies in accordance with its internal policies. The management closely monitors currency trends and dynamically adjusts the timing of export settlements. The Group also employs a "domestic guarantee, foreign loan" structure for overseas financing to naturally hedge foreign currency assets against liabilities, and utilises forward contracts and cross-currency swaps to lock in exchange rates for future cash flows. These measures collectively enable the Group to actively manage and control its foreign exchange exposure.

CONTINGENT LIABILITIES

The Group may incur contingent liabilities arising from various claims or legal proceedings in the ordinary course of business. As at June 30, 2026, the Group did not have any significant contingent liabilities.

MATERIAL INVESTMENTS HELD

As at June 30, 2026, the Group did not hold any material investment, which refers to an investment with investment amounts in an investee company that accounted for 5% or more of the Group's total assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended June 30, 2026, the Group did not undertake any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITIONS OF CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

As at June 30, 2026, the Group had no other plans for material investments or acquisitions of capital assets.

USE OF PROCEEDS

Use of Proceeds from the Listing of H Shares

The Company's H Shares were listed on the Main Board of the Stock Exchange on June 23, 2025. A total of 414,379,500 H Shares were initially issued in the Global Offering; subsequently, on July 23, 2025, the Company issued additional 62,156,900 H Shares under the Over-allotment Option. A total of 476,536,400 H Shares with a nominal value of RMB1.00 each were issued in the Global Offering (including the issue of H Shares pursuant to the Over-allotment Option as described in the Prospectus). The Offer Price was HK\$22.53 per H Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%). The total proceeds from the Global Offering of the Company amounted to approximately HK\$10,736.4 million, and the net proceeds amounted to approximately HK\$10,570.1 million (RMB9,650.7 million) (adjusted after listing fees and exchange rates). The net proceeds carried forward to January 1, 2026 amounted to RMB7,585.9 million.

The net proceeds from the Global Offering have been and will continue to be utilized in accordance with the plan disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, namely:

Item	Percentage of net proceeds	Net proceeds planned to be used (after the exercise of the Over-allotment Option) (RMB million)	Utilized amount during the Reporting Period (RMB million)	Utilized amount as of June 30, 2026 (RMB million)	Unutilized net amount as of June 30, 2026 (RMB million)	Expected timeline of full utilization ⁽¹⁾
Used for continuous global R&D and innovation of product mix	30%	2,895.2	347.4	530.2	2,365.0	By the end of 2028
Used to expand and establish production facilities and increase the production automation level in China over the next three years	30%	2,895.2	818.5	1,506.6	1,388.6	By the end of 2028
Used to deepen global layout by expanding the Group’s overseas production capabilities	25%	2,412.7	246.8	458.9	1,953.8	By the end of 2028
Used to enhance the Group’s digital intelligence infrastructure	5%	482.5	55.6	72.3	410.2	By the end of 2028
Used as working capital and for general corporate uses	10%	965.1	–	965.1	–	N/A
Total	100%	9,650.7	1,468.3	3,533.1	6,117.6	

Note:

- (1) The expected timeline of full utilization set out in the table above represents the Group’s best estimates based on the anticipated market conditions, which may be subject to change in response to current and future market developments.

Use of Proceeds from A Shares Convertible Bonds

Pursuant to the Approval on the Public Offering of Convertible Corporate Bonds by Zhejiang Sanhua Intelligent Controls Co., Ltd. (Zheng Jian Xu Ke [2021] No. 168) (《關於核准浙江三花智能控制股份有限公司公開發行可轉換公司債券的批覆》(證監許可[2021]168號)) issued by the China Securities Regulatory Commission, the Company publicly issued 30.0 million convertible corporate bonds (the “**Sanhua Convertible Bonds**”) in June 2021, each with a nominal value of RMB100. A total of RMB3,000 million was raised. After deducting the issuance expenses of RMB12.5 million, the net amount of proceeds was RMB2,987.5 million. The net proceeds carried forward to January 1, 2026 amounted to RMB213.1 million.

During the Reporting Period, the Company used the net proceeds from the issuance of A Shares convertible bonds as described in the Prospectus for the Public Offering of Convertible Corporate Bonds of Zhejiang Sanhua Intelligent Controls Co., Ltd. As at June 30, 2026, the details of the use of proceeds are as follows:

Item	Total proceeds planned to be used (RMB million)	Adjusted total proceeds planned to be used (RMB million)	Utilized amount during the Reporting Period (RMB million)	Utilized amount as of June 30, 2026 (RMB million)	Balance as of June 30, 2026 (RMB million)	Expected time for using the total amount of unutilized proceeds ⁽²⁾
Construction project for annual production of 65 million sets of commercial refrigeration and air-conditioning intelligent control components	1,487.0	1,487.0	–	1,254.2	N/A ⁽⁴⁾	N/A
Technical transformation project for annual production of 50.5 million sets of high-efficiency energy-saving refrigeration and air-conditioning control components ⁽¹⁾	698.0	466.0	–	463.4	N/A ⁽³⁾	N/A
Replenishment of working capital	815.0	815.0	–	812.7	N/A ⁽³⁾	N/A
Zhejiang Sanhua Intelligent Drive Future Industry Center construction project	–	295.7	80.5	163.1	132.6	By the end of 2026 ⁽⁵⁾
Total	<u>3,000.0</u>	<u>3,063.7</u>	<u>80.5</u>	<u>2,693.4</u>	<u>132.6</u>	

Note:

- (1) The remaining proceeds amounted to approximately RMB295.7 million, comprising the balance of the proceeds together with interest income and gains from wealth management products. The remaining proceeds have been allocated to a new project (i.e. the Zhejiang Sanhua Intelligent Drive Future Industry Center construction project), which is expected to be fully utilized by the end of 2026.
- (2) On August 21, 2025, the Company convened the first extraordinary general meeting of 2025, at which the resolution on the conclusion of proceeds-funded projects and the investment of surplus proceeds into new project and the permanent replenishment of working capital was considered and approved. For details, please refer to the circular of the Company dated July 30, 2025, and the announcement dated August 21, 2025.
- (3) The difference between the utilized amount and the total amount is the bank charges.
- (4) Upon approval by the Company's first extraordinary general meeting of 2025, the remaining balance from the construction project for annual production of 65 million sets of commercial refrigeration and air-conditioning intelligent control components shall be used to replenish working capital.
- (5) The Company has adjusted the date on which the project is expected to reach its intended usable condition from June 2026 to December 2026. Please refer to section headed "Extension of Investment Project Funded by Proceeds from A Shares Convertible Bonds" in this announcement.

Extension of Investment Project Funded by Proceeds from A Shares Convertible Bonds

On June 30, 2026, the Board considered and approved the Resolution on the Extension of Investment Project Funded by Proceeds. After comprehensively considering the actual construction progress and subsequent acceptance arrangements for the Zhejiang Sanhua Intelligent Drive Future Industry Center construction project, the Company has adjusted the date on which the project is expected to reach its intended usable condition from June 2026 to December 2026. As at the end of the Reporting Period, the main construction work and the foundation work for the outdoor roadways of the project have been substantially completed. Related outdoor supporting works are proceeding in an orderly manner, and subsequent acceptance inspections still need to be completed. Apart from the aforementioned adjustment to the project schedule, there have been no changes to the project's implementing entity, the use of proceeds, the investment content, and the investment scale. This adjustment will not have a material adverse effect on the project's implementation or the Group's normal operations.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company aims to implement high standards of corporate governance, which the Company believes is crucial to safeguard the interests of Shareholders. The Company has adopted the code provisions of the Corporate Governance Code as the basis for its corporate governance practices. During the Reporting Period, to the best knowledge of the Directors, except for the deviation from code provision C.2.1 of part 2 of the Corporate Governance Code below, the Company has complied with all applicable code provisions in the Corporate Governance Code.

Pursuant to code provision C.2.1 of part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the Board and the chief executive officer should be segregated and should not be performed by the same individual. The Group does not have a separate chairman of the Board and chief executive officer, and Mr. Zhang Yabo currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement is not impaired, and this structure will enable the Company to make and implement decisions promptly and effectively.

Model Code for Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all the Directors, all Directors confirmed that they had complied with the provisions of the Model Code during the Reporting Period. The Company has also established written guidelines for securities transactions by employees who are likely to possess inside information of the Company on terms no less exacting than the Model Code. The Company is not aware of any incident of non-compliance with the written guidelines by the employees. When the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

MATERIAL CHANGES TO THE RELEVANT INFORMATION OF DIRECTORS

Mr. Shao Shuangquan was appointed as an independent non-executive Director of the Company on June 29, 2026, and as a member of the Strategy Management and ESG Committee on June 30, 2026.

Mr. Ge Jun was appointed as the chairman of the Remuneration and Evaluation Committee, a member of the Audit Committee and a member of the Nomination Committee, with effect from June 8, 2026.

Mr. Shi Jianhui ("**Mr. Shi**") ceased to act as an independent non-executive Director of the Company, the chairman of the Remuneration and Evaluation Committee, a member of the Audit Committee, a member of the Nomination Committee and a member of the Strategy Management and ESG Committee on June 7, 2026. He was appointed as a non-executive Director of the Company on June 29, 2026, and as a member of the Strategy Management and ESG Committee on June 30, 2026. On May 22, 2026, Mr. Shi was appointed as an independent non-executive Director of Haitian International Holdings Limited (1882.HK).

Reference is made to the announcement of the Company dated June 5, 2026 and the circular of the Company dated June 8, 2026, in relation to the appointment of Mr. Shi as a non-executive Director. Prior to joining the Group in May 2020, Mr. Shi was disqualified from being a director of any listed or unlisted corporation incorporated in Hong Kong for three years, effective from November 27, 2019, pursuant to a court order (the "**Order**") obtained by the Securities and Futures Commission ("**SFC**") for a breach of his fiduciary duties while he was an executive director and the chief executive officer of Minth Group Limited ("**Minth**", listed on the Stock Exchange under stock code 00425) in an acquisition of two companies by a subsidiary of Minth in 2008 (the "**Incident**").

According to the SFC's investigation, the then chairman, executive director and controlling shareholder of Minth failed to (i) procure the subsidiary of Minth to negotiate for the lowest possible price for the plots of land acquired during the acquisition; (ii) disclose to the board of directors of Minth his conflicts of interest, including the family relationship with the sellers and his own controlling interests in the acquisition targets, the full terms of the acquisition, and the manner in which the consideration for the acquisition was eventually dealt with; and (iii) take action to prevent Minth from making false and/or misleading representations, as well as material non-disclosure to the SFC, the Stock Exchange and the investing public.

In the Incident, according to the SFC's investigation, after the then chairman, executive director and controlling shareholder of Minth confirmed no connected relationship with the acquisition targets, Mr. Shi, along with three other then executive directors of Minth, did not make further inquiries; if further inquiries had been made, the conflicts of interest in the acquisition would have been revealed, and it might have prevented Minth from making numerous misrepresentations to the SFC, the Stock Exchange and the investing public. Mr. Shi was not involved in the failure to disclose the connected relationship in the acquisition leading to the Incident, and no fraudulent or dishonest conduct of Mr. Shi was found or mentioned in the Order. No other penalties were imposed on Mr. Shi from the Incident. The Incident was unrelated to the Group and Mr. Shi's role as a non-executive Director of the Company.

With respect to Mr. Shi's appointment as a non-executive Director, the Nomination Committee and the Board have reviewed and assessed the Incident, and considered that notwithstanding the Incident, Mr. Shi is suitable to serve as a director under Rules 3.08 and 3.09 of the Listing Rules, for the reasons set out below:

- (a) Mr. Shi possesses the experience, knowledge and skills required to serve as a director of a listed company, and his extensive experience will continue to bring valuable insight and contributions to the Group;
- (b) the Incident occurred several years ago, and the Order expired on November 26, 2022. The Order did not prohibit Mr. Shi from acting as a director of any PRC-incorporated company under the PRC Company Law and the rules of the Shenzhen Stock Exchange. To the best of our knowledge after making all reasonable enquiries, apart from the Incident mentioned above, Mr. Shi has no other non-compliance records during his tenure as a director of the Company or any other listed company; and
- (c) following the Incident, Mr. Shi has continued to serve as a director of several listed companies in the PRC, Hong Kong and overseas, demonstrating continued confidence in his ability to discharge directors' duties.

In light of the above reasons, and having made relevant enquiries of Mr. Shi, and taking into account Mr. Shi's background, expertise, skills and experience, the Nomination Committee and the Board consider that Mr. Shi remains suitable to act as a non-executive Director.

Save as disclosed above, the Board is not aware of any other matters in relation to Mr. Shi's appointment that are required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules or that need to be brought to the attention of the Shareholders.

Save as disclosed above, the Company is not aware of any other changes in the Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

Number of Employees

As at June 30, 2026, the Group had 19,909 full-time employees worldwide. Total remuneration of employees amounted to RMB2,177.0 million.

Remuneration Policy

The Company has established a remuneration and incentive system that is closely aligned with its business development and human resources strategies. Based on market remuneration levels and a job valuation system, as well as taking into account employee capabilities and performance outcomes, the Company has established a comprehensive remuneration system structured on base salary, benefits, bonuses, and long-term incentives, along with supporting management systems. Through a scientific value assessment and feedback mechanism, this system effectively motivates employees to continuously create value, thereby providing internal momentum for the Company's high-quality development.

The Company conducts regular remuneration reviews and market salary surveys to ensure that its overall remuneration levels remain competitive. Additionally, the Company conducts evaluations each year for rewards such as the research and development achievement award, quality achievement award, management achievement award, patent award, cost reduction in procurement award, lean improvement award, and value contribution award. These initiatives effectively incentivize talent to actively innovate and create value, thereby driving the Company's high-quality development. In 2018, the Company launched its first equity incentive plan; in 2020, the second restricted equity incentive plan; in 2022, the third equity incentive plan; and in 2024, the fourth equity incentive plan. These plans have played a crucial role in motivating and retaining the Company's core and key talent, thereby laying a solid talent foundation for the Company's sustained development.

Training Programs

In line with the 2026–2030 development plan, the Company has implemented a talent strategy that “prioritizes internal development, with moderate external recruitment”. The TDR (Talent Development Review) assessment serves as a long-term mechanism for realizing the “Talent of Sanhua” initiative, facilitating the alignment of strategy, business operations, organizational structure, and talent development. Through multi-level assessments, the Company identifies high-potential talent, standardizes management terminology, and develops retention and development plans for key personnel, thereby ensuring talent development meets the needs of the Company’s strategic growth.

Integrating the TDR assessment, the Company has established a corporate talent development system focused on leadership development, professional development, and new hire training. Through “Hang” series of leadership development, the Company progressively enhances the comprehensive management capabilities of its managerial cadres and high-potential management trainees. Through the professional development, covering finance, HRBP (Human Resources Business Partner), marketing, IT, quality, business unit heads, and other professional development programs, the Company builds a professional talent pipeline of the Group. Through the new hire training, including management trainee and campus recruitment programs, the Company cultivates outstanding high-potential talent for the Company in the future.

At the same time, the Company strengthens foundational infrastructure, continuously introduces learning technologies, certifies internal instructors, develops internal course resources, and builds an internal learning platform of the Company. By leveraging the “five forces” mechanism, namely, traction (cultural traction), internal drive (growth-driven), external momentum (instructor-driven), support (resource-based support), and organizational learning (learning-oriented organizational building), the Company promotes self-directed learning among all employees and the transformation and upgrading of talent, thereby enhancing the global competitiveness of both the organization and talent.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period (including sales of treasury Shares). As of June 30, 2026, the Company held a total of 8,351,021 treasury A Shares.

INTERIM DIVIDEND

The 2026 interim profit distribution plan of the Company is proposed as follows: based on the total share capital of the Company (excluding treasury Shares) on the record date for dividend distribution, the Company will distribute to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB1.2 (tax inclusive) for every 10 Shares. The Company's A Shares in the Company's designated securities account for repurchase are not entitled to dividend distribution. As at the date of this announcement, the Company's total share capital is 4,208,013,935 Shares, after deducting its 12,475,943 A Shares in the special account for repurchase, the total amount of cash dividends to be distributed is approximately RMB503.5 million, accounting for 24.6% of the net profit attributable to the owners of the parent company in the first half of 2026 consolidated statements.

The proposed interim dividend shall be denominated and declared in Renminbi, and paid in Renminbi to A Shareholders and in Hong Kong dollars to H Shareholders. The actual amounts of distribution in Hong Kong dollars will be calculated based on the average benchmark exchange rates of RMB to Hong Kong dollars published by the People's Bank of China for the five working days prior to the date of the Company's 2026 first extraordinary general meeting (the "EGM").

The EGM will be held on Tuesday, September 15, 2026. The notice and circular regarding the EGM have been published on the Stock Exchange's website (<https://www.hkexnews.hk>) and the Company's website (<https://www.zjshc.com>). The 2026 interim profit distribution plan is subject to approval by the Shareholders of the Company at the EGM.

Eligibility for attending the EGM and the record date for H Shareholders

The H Share register of members of the Company will be closed from Thursday, September 10, 2026 to Tuesday, September 15, 2026 (both days inclusive). Holders of Shares whose names appear on the register of members of H Shares of the Company on Tuesday, September 15, 2026 are entitled to attend and vote in respect of all resolutions to be proposed at the EGM. In order to attend the EGM, 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 Wednesday, September 9, 2026.

Proposed distribution of the 2026 interim dividend and the record date for H Shareholders

The Company will pay the 2026 interim dividend to H Shareholders on Thursday, October 29, 2026. To determine the entitlement of H Shareholders to the 2026 interim dividend, the H Share register of members of the Company will be closed from Thursday, September 24, 2026 to Tuesday, September 29, 2026 (both days inclusive). The H Shareholders whose names appear on the H Share register of members of the Company on Tuesday, September 29, 2026 are entitled to the 2026 interim dividend. In order to qualify for receiving the 2026 interim 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, September 23, 2026.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established the Audit Committee, which currently comprises three independent non-executive Directors, namely Mr. Bao Ensi, Ms. Pan Yalan and Mr. Ge Jun, with Mr. Bao Ensi being the chairman of the Audit Committee.

The Audit Committee under the Board of the Company has reviewed the accounting policies and practices adopted by the Group and has discussed matters of auditing, internal control, risk management and financial reporting (including the financial statements for the six months ended June 30, 2026) before making recommendations to the Board for approval of the relevant matters.

The Group's interim results have not been audited or reviewed by the auditor of the Company. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2026. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

EVENTS AFTER THE REPORTING PERIOD

Repurchase of A Shares

After June 30, 2026 and up to the date of this announcement, the Company repurchased an aggregate of 4,124,922 A Shares through centralized bidding transactions on the Shenzhen Stock Exchange, representing approximately 0.1% of the Company's total issued share capital. The highest trading price was RMB37.00 per share, the lowest trading price was RMB35.05 per share, and the total repurchase fund was approximately RMB148,837,570.44 (excluding transaction fees).

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

Unit: Yuan Currency: RMB

Month of repurchase	Number of repurchase	Lowest trading price per share	Highest trading price per share	Total funds (excluding transaction fees)
July 2026	2,798,178	35.05	36.09	99,932,325.34
August 2026	1,326,744	36.61	37.00	48,905,245.10

Save as disclosed above, the Group has no other material events after June 30, 2026 and up to the date of this announcement.

PUBLICATION OF 2026 INTERIM RESULTS ANNOUNCEMENT AND 2026 INTERIM REPORT

This announcement is published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.zjshc.com>). The interim report of the Company for the six months ended June 30, 2026 will be published on the aforesaid websites in due course and dispatched to the Shareholders of the Company who have requested printed copies.

DEFINITIONS

“A Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed in RMB and listed on the Shenzhen Stock Exchange (stock code: 002050)
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or “the Company”	Zhejiang Sanhua Intelligent Controls Co., Ltd. (浙江三花智能控制股份有限公司), a joint stock company established in the PRC with limited liability, the A Shares (stock code: 002050) and the H Shares (stock code: 02050) of which are listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange, respectively
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 02050)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated June 13, 2025
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“Reporting Period”	from January 1, 2026 to June 30, 2026
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Management and ESG Committee”	the strategy management and ESG committee of the Board
“U.S. dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, August 26, 2026

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