



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

Introduction

We have reviewed the interim financial information set out on pages IA-3 to IA-37, which comprises the interim condensed consolidated statement of financial position of Zhejiang Sanhua Intelligent Controls Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at March 31, 2025 and the related interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three-month period then ended and selected explanatory notes (together, the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants. A review of the Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other Matter

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at December 31, 2024. The comparative information for the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows, and related explanatory notes, for the period ended March 31, 2024 has not been audited or reviewed.

Confucius International CPA Ltd.
Confucius International CPA Limited
Certified Public Accountants
Hong Kong
13 June 2025

Interim condensed consolidated statements of profit or loss

		Three months ended March 31,	
	Notes	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	7,669,450	6,439,559
Cost of revenue	7	(5,614,188)	(4,698,917)
Gross profit		2,055,262	1,740,642
General and administrative expenses	7	(504,010)	(457,175)
Selling and marketing expenses	7	(143,037)	(127,299)
Research and development expenses	7	(359,855)	(317,015)
Net impairment losses on financial assets		(46,316)	(48,569)
Other income	5	77,685	65,587
Other gains/(losses), net	6	54,665	(39,390)
Operating profit		1,134,394	816,781
Finance income	8	8,503	17,495
Finance costs	8	(37,252)	(34,676)
Finance costs, net	8	(28,749)	(17,181)
Share of profit or loss of investments accounted for using the equity method	11	2,414	1,252
Profit before income tax		1,108,059	800,852
Income tax expenses	9	(184,589)	(154,698)
Profit for the period		923,470	646,154
Attributable to:			
– Owners of the Company		903,416	647,743
– Non-controlling interests		20,054	(1,589)
		923,470	646,154
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
• Basic	10	0.24	0.17
• Diluted	10	0.24	0.17

Interim condensed consolidated statements of comprehensive income

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	<u>923,470</u>	<u>646,154</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
<i>in subsequent periods, net of tax:</i>		
– Currency translation differences of foreign operations	<u>(13,540)</u>	<u>(17,346)</u>
Other comprehensive income for the period, net of tax	<u>(13,540)</u>	<u>(17,346)</u>
Total comprehensive income for the period	<u>909,930</u>	<u>628,808</u>
Attributable to:		
– Owners of the Company	889,876	630,397
– Non-controlling interests	<u>20,054</u>	<u>(1,589)</u>
	<u>909,930</u>	<u>628,808</u>

Interim condensed consolidated statements of financial position

		As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	12	12,651,910	12,274,558
Investment properties		7,099	7,053
Right-of-use assets	13	1,179,818	1,205,331
Deferred tax assets		109,083	112,699
Intangible assets	14	37,800	36,520
Investments accounted for using the equity method	11	39,314	40,600
Other non-current assets	16	455,310	376,825
Total non-current assets		14,480,334	14,053,586
Current assets			
Inventories	17	5,086,082	5,280,442
Prepayments and other receivables	16	319,603	417,039
Trade and notes receivables	15	10,536,425	9,628,337
Financial assets at fair value through profit or loss	3.3	10,797	6,237
Term deposits and restricted cash	18	1,640,313	1,805,065
Cash and cash equivalents	18	3,103,328	3,443,503
Other current assets	16	1,983,842	1,720,540
Total current assets		22,680,390	22,301,163
Total assets		37,160,724	36,354,749

		As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Borrowings	19	1,762,193	2,045,773
Lease liabilities	13	216,337	237,913
Deferred tax liabilities		263,141	258,264
Other non-current liabilities	22	698,712	659,851
Total non-current liabilities		2,940,383	3,201,801
Current liabilities			
Borrowings	19	2,466,406	2,053,766
Trade and notes payables	20	9,823,794	9,777,262
Contract liabilities	4	56,612	49,462
Lease liabilities	13	95,523	90,574
Current income tax liabilities		185,264	174,168
Financial liabilities at fair value through profit or loss	3.3	24,481	79,678
Accruals and other payables	21	1,093,488	1,407,120
Other current liabilities	22	1,298	1,274
Total current liabilities		13,746,866	13,633,304
Total liabilities		16,687,249	16,835,105
EQUITY			
Equity attributable to owners of the Company			
– Share capital		3,732,390	3,732,390
– Other reserves	25	4,333,990	4,296,916
– Treasury shares	23	(387,661)	(381,848)
– Retained earnings	24	12,553,728	11,650,312
		20,232,447	19,297,770
Non-controlling interests		241,028	221,874
TOTAL EQUITY		20,473,475	19,519,644
TOTAL LIABILITIES AND EQUITY		37,160,724	36,354,749

Interim condensed consolidated statements of changes in equity

Three months ended at March 31, 2025 (Unaudited)	Attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital RMB'000	Treasury shares RMB'000 (Note 23)	Other reserves RMB'000 (Note 25)	Retained earnings RMB'000 (Note 24)	Sub-total RMB'000		
Balance at January 1, 2025	3,732,390	(381,848)	4,296,916	11,650,312	19,297,770	221,874	19,519,644
Profit for the period	-	-	-	903,416	903,416	20,054	923,470
Other comprehensive income	-	-	(13,540)	-	(13,540)	-	(13,540)
Total comprehensive income	-	-	(13,540)	903,416	889,876	20,054	909,930
Share-based payment (Note 25)	-	-	50,614	-	50,614	-	50,614
Dividends declared	-	-	-	-	-	(900)	(900)
Repurchase of shares (Note 23(i))	-	(5,813)	-	-	(5,813)	-	(5,813)
Balance at March 31, 2025	3,732,390	(387,661)	4,333,990	12,553,728	20,232,447	241,028	20,473,475

Three months ended at March 31, 2024 (Unaudited)	Attributable to owners of the Company					Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000 (Note 23)	Other reserves RMB'000 (Note 25)	Retained earnings RMB'000 (Note 24)	Sub-total RMB'000		
Balance at January 1, 2024	3,732,616	(423,469)	4,582,315	10,002,942	17,894,404	169,304	18,063,708
Profit for the period	–	–	–	647,743	647,743	(1,589)	646,154
Other comprehensive income	–	–	(17,346)	–	(17,346)	–	(17,346)
Total comprehensive income	–	–	(17,346)	647,743	630,397	(1,589)	628,808
Capital injection	–	–	–	–	–	11,171	11,171
Share-based payment (Note 25)	–	–	6,341	–	6,341	–	6,341
Dividends declared	–	–	–	–	–	(1,200)	(1,200)
Repurchase of shares (Note 23(i))	–	(285,997)	–	–	(285,997)	–	(285,997)
Transaction with non-controlling interests	–	–	(6,363)	–	(6,363)	6,363	–
Balance at March 31, 2024	3,732,616	(709,466)	4,564,947	10,650,685	18,238,782	184,049	18,422,831

Interim condensed consolidated statements of cash flows

		Three months ended March 31,	
	<i>Notes</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from operating activities			
Cash generated from operations	26(a)	562,097	271,338
Interest received		8,503	17,495
Income tax paid		(158,664)	(212,490)
Net cash generated from operating activities		411,936	76,343
Cash flows from investing activities			
Proceeds from return on investments		7,165	6,250
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		100	41
Withdraw of term deposits and wealth management products		591,304	281,185
Government grant received in relation to assets		52,357	14,322
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(752,140)	(889,062)
Placement of term deposits and wealth management products		(675,501)	(30,000)
Payments for settlement of derivative financial instruments		(28,783)	(13,635)
Others		18,366	162
Net cash used in investing activities		(787,132)	(630,737)

		Three months ended March 31,	
	<i>Notes</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from financing activities			
Capital contributions from the non-controlling interests		–	10,500
Proceeds from borrowings		958,848	1,123,736
Repayments of borrowings		(829,062)	(923,736)
Principal elements of lease payments		(21,658)	(17,023)
Interests paid		(38,363)	(33,563)
Dividends paid to the non-controlling interests		(3,428)	(1,200)
Payments for repurchase of shares		(5,814)	(285,998)
Payments for listing expenses		(9,931)	–
Others		(2,032)	(20,000)
Net cash generated from/(used in) financing activities		48,560	(147,284)
Net decrease in cash and cash equivalents		(326,636)	(701,678)
Cash and cash equivalents at beginning of the period		3,443,503	3,624,955
Effects of exchange rate changes on cash and cash equivalents		(13,539)	(6,846)
Cash and cash equivalents at the end of the period	18	3,103,328	2,916,431

II. NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as “**the Company**”) is a joint stock company with limited liability incorporated in the People’s Republic of China (the “**PRC**”). The former entity of the Company, Sanhua-Fujikoki Co., Ltd., (三花不二工機有限公司), was incorporated as a Sino-Japanese joint venture on September 10, 1994. On December 19, 2001, the Company was established through converting Sanhua-Fujikoki Co., Ltd., to a joint stock company, which later changed its name to Zhejiang Sanhua Intelligent Controls Co., Ltd. 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 is listed on the Shenzhen Stock Exchange (stock code: 002050) on June 7, 2005. The parent and the ultimate holding company of the Company is Sanhua Holding Group Co., Ltd. (三花控股集团有限公司) (hereinafter referred to as “**the Holding Company**”), which is also incorporated in the PRC.

The Company and its subsidiaries (hereinafter collectively referred to as “**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.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of preparation

This interim condensed consolidated financial information, comprising interim condensed consolidated statement of financial position as at March 31, 2025, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three months ended March 31, 2025 (collectively referred to as the “**Interim Financial Information**”), has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”).

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended December 31, 2022, 2023 and 2024 (the “**Historical Financial Information**”) as disclosed in Appendix IA to the prospectus issued by the Company.

This Interim Financial Information contains consolidated financial statements and selected explanatory notes. The selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest annual consolidated financial statements as at and for the year ended December 31, 2024. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards (“**IFRS**”). Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Historical Financial Information and notes thereto.

2.2 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027

The Group has already commenced an assessment of the impact of these new standards and amendments. IFRS 18 will replace IAS 1 'Presentation of Financial Statements' to introduce the new requirements mainly for presentation of the statement of profit or loss and new disclosures to the future financial statements. Except for the impact of IFRS 18 above, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

2.3 Critical Accounting Estimates and Judgements

The preparation of the interim 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 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 Historical Financial Information.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management focuses on the unpredictability of financial markets, seeks a balance between risk and return and minimizes the adverse impact of risk on the Group's finance performance. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Historical Financial Information. There were no significant changes in any material risk management policies during the three months ended March 31, 2025.

3.2 Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2024 and the three months ended March 31, 2025.

The Group monitors capital on the basis of the debt to asset ratio as at March 31, 2025 and December 31, 2024 are as follows:

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Total assets	37,160,724	36,354,749
Total liabilities	16,687,249	16,835,105
Debt to asset ratio	44.9%	46.3%

3.3 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

As at March 31, 2025 <i>(Unaudited)</i>	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at fair value through profit or loss – Derivative financial assets	<u>9,298</u>	<u>1,499</u>	<u>–</u>	<u>10,797</u>
Financial liabilities at fair value through profit or loss – Derivative financial liabilities	<u>98</u>	<u>24,383</u>	<u>–</u>	<u>24,481</u>
As at December 31, 2024	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at fair value through profit or loss – Derivative financial assets	<u>6,237</u>	<u>–</u>	<u>–</u>	<u>6,237</u>
Financial liabilities at fair value through profit or loss – Derivative financial liabilities	<u>2,819</u>	<u>76,859</u>	<u>–</u>	<u>79,678</u>

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the period, there was no transfer between Level 1 and Level 2.

(b) Valuation Techniques Used to Determine Fair Values

The fair value of financial instruments traded in an active market is determined using quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. Valuation techniques include the use of recent transaction prices, discounted cash flow analysis, option pricing models and others commonly used by market participants. These valuation techniques include the use of observable and/or unobservable inputs.

4. 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 assess the financial performance and position of the Group and makes strategic decisions. The executive directors, which has been identified as being the CODM, consists of the chief executive officer, the chief financial officer and the managers for each business unit. The CODM review the Group’s internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

For the three months ended March 31, 2025 and 2024, the CODM have identified the following reportable segments from a product perspective:

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

(b) Segment Information

For the three months ended March 31, 2025 and 2024, the CODM assess 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 segment.

Segment information for the three months ended March 31, 2025 is as follows:

	Refrigeration and air-conditioning product components	Automotive components	Inter segment elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contracts with external customers	4,960,078	2,707,225	–	7,667,303
Inter-segment revenue	–	–	–	–
Other revenue (i)	–	2,147	–	2,147
Operating costs	<u>(3,647,252)</u>	<u>(1,966,936)</u>	<u>–</u>	<u>(5,614,188)</u>
Segment profit	1,312,826	742,436	–	2,055,262
Other profit or loss				<u>(947,203)</u>
Total profit before income tax				<u><u>1,108,059</u></u>
Total assets	22,613,222	14,547,502	–	37,160,724
Total liabilities	10,338,644	6,348,605	–	16,687,249
Investments in associates	39,314	–	–	39,314
Share of profit of associates, net	2,414	–	–	2,414
Net impairment losses on financial assets	58,816	(12,500)	–	46,316
Depreciation and amortization	169,259	122,448	–	291,707

Segment information for the three months ended March 31, 2024 is as follows:

	Refrigeration and air-conditioning product components	Automotive components	Inter segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with external customers	3,868,717	2,567,581	–	6,436,298
Inter-segment revenue	–	–	–	–
Other revenue (i)	–	3,261	–	3,261
Operating costs	<u>(2,828,922)</u>	<u>(1,869,995)</u>	<u>–</u>	<u>(4,698,917)</u>
Segment profit	1,039,795	700,847	–	1,740,642
Other profit or loss				<u>(939,790)</u>
Total profit before income tax				<u>800,852</u>
Share of profit of associates, net	1,252	–	–	1,252
Net impairment losses on financial assets	45,310	3,259	–	48,569
Depreciation and amortization	126,749	92,191	–	218,940

(i) Other revenue mainly represents lease income.

The timing of revenue recognition is shown in the table below:

	Three months ended March 31,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with external customers recognized at a point in time		
– Refrigeration and air-conditioning product components	4,960,078	3,868,717
– Automotive components	<u>2,707,225</u>	<u>2,567,581</u>
	<u>7,667,303</u>	<u>6,436,298</u>

The Company is domiciled in Mainland China. The amount of the Group's revenue from contracts with external customers by locations is shown in the table below:

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Mainland China	4,146,384	3,503,944
Other countries or regions	3,523,066	2,935,615
	<u>7,669,450</u>	<u>6,439,559</u>

(c) **Contract Liabilities**

During the three months ended March 31, 2025 and 2024, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at	As at
	March 31,	December 31,
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Contract liabilities	<u>56,612</u>	<u>49,462</u>

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue recognized that was included in the beginning balance	<u>49,462</u>	<u>51,789</u>

Management expects that the unsatisfied obligation of RMB56,612,000 and RMB49,462,000 as at March 31, 2025 and December 31, 2024, respectively, will be recognized as revenue during the next twelve months.

5. OTHER INCOME

	Three months ended March 31,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	45,668	32,427
Additional deduction for VAT (i)	17,027	6,016
Interest income (ii)	12,726	25,182
Others	2,264	1,962
	<u>77,685</u>	<u>65,587</u>

- (i) Pursuant to the Announcement [2023] No.43 “Notice on the Additional Value-Added Tax (“VAT”) Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》)” issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from January 1, 2023 to December 31, 2027.
- (ii) The amount mainly comprises interest income on the Group’s term deposits classified as financial assets at amortized cost calculated using the effective interest method. Interest income from cash and cash equivalent is included in “Finance costs, net” (Note 8).

6. OTHER GAINS/(LOSSES), NET

	Three months ended March 31,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net losses on disposal of financial instruments	(22,632)	(14,806)
Fair value changes on derivative financial instruments	64,003	(39,318)
Net foreign exchange differences	17,485	16,672
Net losses on disposal of property, plant and equipment and other long-term assets	(4,698)	(2,727)
Others	507	789
	<u>54,665</u>	<u>(39,390)</u>

7. **EXPENSE BY NATURE**

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Raw materials and consumables used	4,310,415	3,574,147
Employee benefit expenses	1,283,254	1,056,594
Depreciation and amortisation	291,707	218,940
Utility costs	145,838	134,722
Office expenses	69,363	64,744
Professional services and other consulting fees	26,890	30,809
Surplus taxes	41,053	34,568
Marketing, conference and traveling expenses	21,506	21,301
Impairment losses on inventories	1,850	5,968
Listing expenses	2,567	–
Other expenses	426,647	458,613
	6,621,090	5,600,406

8. **FINANCE COSTS, NET**

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Finance income:		
Interest income from financial assets held for cash management purposes	8,503	17,495
Finance costs:		
Interest expenses on lease liabilities	(5,262)	(724)
Interest expenses on borrowings	(33,461)	(33,739)
Net exchange gains/(losses) on foreign currency borrowings and others	1,471	(213)
Finance costs total	(37,252)	(34,676)
Finance costs, net	(28,749)	(17,181)

9. INCOME TAX EXPENSES

The income tax expenses of the Group during the three months ended March 31, 2025 and 2024 are analyzed as follows:

	Three months ended March 31,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	161,687	160,729
Deferred income tax	22,902	(6,031)
	<u>184,589</u>	<u>154,698</u>

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 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 (hereinafter referred to as “**the Pillar Two model rules**”). The Group has temporarily exempted the recognition and disclosure of deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. As at March 31, 2025, Pillar Two legislation has been enacted or substantively enacted and has taken effect from January 1, 2024, in nine jurisdictions where the Group operates. Additionally, it has newly taken effect from January 1, 2025 in four jurisdictions where the Group operates.

Based on the assessment of the full-year 2024 financial data, the Group expects to benefit from the transitional Country-by-Country Reporting (CbCR) safe harbour in all jurisdictions where Pillar Two legislation has been enacted for 2024, with no top-up tax liabilities arising. As the impact of Pillar Two requires full-year financial data, based solely on the financial data of the first quarter, it is neither complete nor accurate to quantify the annual impact of Pillar Two for year 2025. The Group will continue to monitor relevant legislative developments in its operating jurisdictions and is progressing on the assessment based on the expected reasonable quantification criteria to evaluate the potential future impact of Pillar Two on its financial statements.

10. EARNINGS PER SHARE

(a) Basic Earnings Per Share

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

	Three months ended March 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (RMB'000)	903,416	647,743
Weighted average number of ordinary shares in issue (thousands)	3,699,933	3,713,773
Basic EPS (RMB per share)	0.24	0.17

(b) Diluted Earnings Per Share

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

	Three months ended March 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Adjusted profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	903,416	647,743
Weighted average number of ordinary shares in issue (thousands)	3,699,933	3,713,773
Adjustments for potential shares arising from share schemes (thousands)	15,570	5,000
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	3,715,503	3,718,773
Diluted EPS (RMB per share)	0.24	0.17

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts of investments accounted for using the equity method recognized in the Interim Financial Information are as follows:

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Associates	39,314	40,600

The movements of investments in associates during the three months ended March 31, 2025 and 2024 are as follows:

	Three months ended March 31, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	40,600	37,924
Share of results of associates	2,414	1,252
Dividends	(3,700)	(6,250)
At the end of the period	39,314	32,926

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

There was no associate of the Group as at March 31, 2025 which, in the opinion of the directors, was material to the Group.

12. PROPERTY, PLANT AND EQUIPMENT

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Buildings	4,150,698	4,086,238
Freehold land	170,735	169,245
Machinery and equipment	5,658,063	5,540,560
Motor vehicles	21,285	21,140
Office equipment	148,429	146,517
Construction in progress	2,345,241	2,171,985
Leasehold improvement	157,459	138,873
	12,651,910	12,274,558

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

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cost of revenue	207,651	148,772
Selling and marketing expenses	312	65
General and administrative expenses	35,592	29,573
Research and development expenses	13,974	12,329
	<u>257,529</u>	<u>190,739</u>

13. LEASE

This note provides information for leases where the Group is a lessee.

- (a) **Amounts Recognized in the Consolidated Statement of Financial Position**

	As at March 31, 2025	As at December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Right-of-use assets		
Land use right	865,838	868,746
Buildings	308,443	331,340
Motor vehicles	5,537	5,245
	<u>1,179,818</u>	<u>1,205,331</u>
Lease liabilities		
Current	95,523	90,574
Non-current	216,337	237,913
	<u>311,860</u>	<u>328,487</u>

(b) **Amounts Recognized in the Consolidated Statements of Profit or Loss**

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation charge of right-of-use assets:		
– Land use right	5,268	4,663
– Buildings	25,985	19,230
– Motor vehicles	258	280
	<u>31,511</u>	<u>24,173</u>
	31,511	24,173
	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest expense (including in finance cost)	5,262	724
Expense relating to short-term and low value leases not included in lease liabilities	4,562	4,871
	<u>9,824</u>	<u>5,595</u>
	9,824	5,595

The total cash outflows for lease payments during the three months ended March 31, 2025 and 2024 were approximately RMB31,482,000 and RMB22,618,000 respectively.

14. INTANGIBLE ASSETS

	As at	As at
	March 31,	December 31,
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Software	27,704	25,928
Intellectual properties	10,096	10,592
	<u>37,800</u>	<u>36,520</u>
	37,800	36,520

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
General and administrative expenses	1,806	3,112
Research and development expenses	654	538
	<u>2,460</u>	<u>3,650</u>

15. TRADE AND NOTES RECEIVABLES

	As at March 31, 2025	As at December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Notes receivables	2,756,765	2,685,890
Trade receivables	8,207,936	7,317,720
Less: credit loss allowance	(428,276)	(375,273)
	<u>10,536,425</u>	<u>9,628,337</u>

- (a) The Group generally grant credit terms ranging from 60 to 285 days to the customers. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at March 31, 2025	As at December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	
Up to 3 months	6,329,306	5,800,080
3 to 6 months	1,194,630	784,254
6 to 12 months	657,865	697,599
1 to 2 years	18,094	26,881
2 to 3 years	6,210	8,523
Over 3 years	1,831	383
	<u>8,207,936</u>	<u>7,317,720</u>

- (b) As at March 31, 2025 and December 31, 2024, trade receivables amounting to RMB69,823,000 and RMB84,120,000 were pledged for bank borrowings while notes receivables amounting to RMB2,390,925,000 and RMB1,839,462,000 were pledged for bank acceptance notes.

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Prepayments:		
Prepayments for materials	130,994	158,980
Other receivables:		
Tax refund receivables	90,861	172,315
Deposits and warranties	73,450	58,761
Others	33,629	35,318
	<u>328,934</u>	<u>425,374</u>
Less: provision for impairment	<u>(9,331)</u>	<u>(8,335)</u>
	<u>319,603</u>	<u>417,039</u>
Other current assets:		
Wealth management products measured at amortized cost (i)	1,741,403	1,499,928
Deductible input VAT	197,619	188,134
Prepaid corporate income tax	18,046	20,736
Capitalization of listing expenses	19,123	8,727
Others	7,651	3,015
	<u>1,983,842</u>	<u>1,720,540</u>
(i) As at March 31, 2025 and December 31, 2024, wealth management products mainly represent the principal and interests guaranteed income vouchers issued by the securities companies and reverse repurchase of government bond.		
Other non-current assets:		
Prepayments for non-current assets	378,416	311,121
Others	77,103	65,910
	<u>455,519</u>	<u>377,031</u>
Less: provision for impairment	<u>(209)</u>	<u>(206)</u>
	<u>455,310</u>	<u>376,825</u>

17. INVENTORIES

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Finished goods	3,251,933	3,833,666
Work in progress	755,020	787,733
Raw materials	1,188,501	774,517
Others	9,437	10,127
	<u>5,204,891</u>	<u>5,406,043</u>
Less: provision for impairment	<u>(118,809)</u>	<u>(125,601)</u>
	<u>5,086,082</u>	<u>5,280,442</u>

18. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Cash and bank balances	4,743,641	5,248,568
Less: term deposits over three months	(1,597,074)	(1,739,651)
Less: restricted cash (i)	<u>(43,239)</u>	<u>(65,414)</u>
Cash and cash equivalents	<u>3,103,328</u>	<u>3,443,503</u>

- (i) As at March 31, 2025 and December 31, 2024, the Group's demand deposits of RMB12,871,000 and RMB18,152,000 were pledged as a guarantee for the bank acceptance notes.

As at March 31, 2025 and December 31, 2024, the Group's bank balances of RMB27,169,000 and RMB44,063,000 were deposited as a guarantee for the future contracts.

As at March 31, 2025 and December 31, 2024, another RMB3,199,000 deposits placed with banks were temporarily frozen for pending litigations.

19. BORROWINGS

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Secured		
Bank loans	1,032,838	918,745
Unsecured		
Bank loans	3,189,000	3,174,000
Interest payables	6,761	6,794
Less: current-portion for long-term borrowings	(798,825)	(500,420)
Less: short-term borrowings	(1,667,581)	(1,553,346)
	1,762,193	2,045,773

- (a) As at March 31, 2025 and December 31, 2024, the annual interest rate range of short-term borrowings was ranged from 2.15% to 5.17%, and 2.15% to 5.21%, respectively.

As at March 31, 2025 and December 31, 2024, the annual interest rate range of long-term borrowings was ranged from 1.95% to 2.80% and 2.62% to 2.92%, respectively.

- (b) As at March 31, 2025, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB1,029,979,000 guaranteed by the Company; (ii) borrowings with a principal equivalent to approximately RMB2,859,000 secured by the Group's certain notes receivables.

As at December 31, 2024, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB896,729,000 guaranteed by the Company; (ii) borrowings with a principal equivalent to approximately RMB22,016,000 secured by the Group's certain notes receivables.

- (c) As at March 31, 2025 and December 31, 2024, the Group's borrowings were repayable as follows:

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Within 1 year	2,466,406	2,053,766
Between 1 and 2 years	1,664,193	1,396,236
Between 2 and 5 years	98,000	649,537
	4,228,599	4,099,539

(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.

20. TRADE AND NOTES PAYABLES

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Trade and notes payables		
– Trade payables	5,809,693	5,985,427
– Notes payables	4,014,101	3,791,835
	<u>9,823,794</u>	<u>9,777,262</u>

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 March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Within 3 months	4,751,520	5,516,132
Between 3 and 6 months	497,066	137,789
Between 6 months and 1 year	371,778	225,306
Over 1 year	189,329	106,200
	<u>5,809,693</u>	<u>5,985,427</u>

21. ACCRUALS AND OTHER PAYABLES

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Salaries, wages and benefits	483,974	726,001
Restricted share repurchase obligation	354,074	354,074
Taxes other than income tax payables	68,416	135,706
Deposits payables	40,956	40,069
Warranty provisions	18,330	22,692
Accrued listing expenses	11,320	9,242
Dividend payables	–	2,528
Other accruals	116,418	116,808
	1,093,488	1,407,120

22. OTHER CURRENT AND NON-CURRENT LIABILITIES

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Other current liabilities		
Other tax to be recognized	1,298	1,274
Other non-current liabilities		
Deferred income in relation to government grants	645,687	607,754
Long-term salaries, wages and bonuses	34,871	33,943
Construction agency fees	18,154	18,154
	698,712	659,851

23. TREASURY SHARES

	Three months ended March 31, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
At the beginning of the period	381,848	423,469
Repurchase of shares (i)	5,813	285,997
At the end of the period	387,661	709,466

- (i) For three months ended March 31, 2025 and 2024, the Group repurchased treasury shares amounting to approximately RMB5,813,000 and RMB285,997,000.

24. RETAINED EARNINGS

	Three months ended March 31,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	11,650,312	10,002,942
Net profit	903,416	647,743
At the end of the period	12,553,728	10,650,685

25. OTHER RESERVES

	Share premium RMB'000	Surplus reserve RMB'000	Foreign currency differences RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2025	3,039,142	1,163,965	(138,363)	232,172	4,296,916
Currency translation differences	–	–	(13,540)	–	(13,540)
Share-based payment scheme:					
– Share-based compensation expenses	–	–	–	36,206	36,206
– Others	–	–	–	14,408	14,408
Balance at March 31, 2025 (unaudited)	3,039,142	1,163,965	(151,903)	282,786	4,333,990
	Share premium RMB'000	Surplus reserve RMB'000	Foreign currency differences RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2024	3,291,388	1,011,915	114,757	164,255	4,582,315
Currency translation differences	–	–	(17,346)	–	(17,346)
Share-based payment scheme:					
– Share-based compensation expenses	–	–	–	6,341	6,341
Transaction with non-controlling interests	(6,363)	–	–	–	(6,363)
Balance at March 31, 2024 (unaudited)	3,285,025	1,011,915	97,411	170,596	4,564,947

26. NOTES TO INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Three months ended March 31,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before income tax for the period	1,108,059	800,852
Adjustments for:		
Interest income	(21,229)	(42,677)
Finance cost	37,252	34,676
Depreciation and amortization of non-current assets	291,707	218,940
Net losses on disposal of property, plant and equipment and other non-current assets	3,030	2,727
Net impairment losses on financial assets	46,316	48,569
Impairment provision for inventories and other non-current assets	3,704	6,069
Share of profit of associates, net	(2,414)	(1,252)
Net (gains)/losses on financial instruments	(41,371)	54,124
Net foreign exchange gains	(17,485)	(16,672)
Share-based compensation expenses	36,206	6,341
Change in working capital:		
Increase in receivables	(685,713)	(508,809)
(Decrease)/Increase in payables	(397,117)	43,698
Decrease/(Increase) in inventories	201,152	(375,248)
Cash generated from operations	562,097	271,338

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at March 31, 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Financial Information.

27.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Property, plant and equipment commitments:		
– Contracted, but not provided for	1,550,345	1,525,863
– Authorized, but not contracted	5,797,364	5,457,978
	<u>7,347,709</u>	<u>6,983,841</u>

28. RELATED PARTY TRANSACTIONS

(a) Parent Entities

Name	Place of incorporation	Ownership interest	
		As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Sanhua Holding Group Co., Ltd.	Zhejiang, PRC	43.57%	45.31%

The Company's ultimate holding company is Sanhua Holding Group Co., Ltd. and the ultimate controlling person are Mr. Zhang Daocai, Mr. Zhang Yabo and Mr. Zhang Shaobo.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group during the period:

Name of the related parties	Relationship with the Group
Zhejiang Sanhua Green Energy Industrial Group Co., Ltd. (浙江三花綠能實業集團有限公司)	A shareholder of the Company A fellow subsidiary of the parent company
Hangzhou Tongchan Machinery Co., Ltd. (杭州通產機械有限公司)	A fellow subsidiary of the parent company
Hangzhou Sanhua Research Institute Co., Ltd. (杭州三花研究院有限公司)	A fellow subsidiary of the parent company

Name of the related parties	Relationship with the Group
Hangzhou Sanhua International Building Co., Ltd. (杭州三花國際大廈有限公司)	A fellow subsidiary of the parent company
Xinchang County Sanhua Property Management Co., Ltd. (新昌縣三花物業管理有限公司)	A fellow subsidiary of the parent company
Shanghai Sanhua Electric Co., Ltd. (上海三花電氣有限公司)	A fellow subsidiary of the parent company
Zhejiang Sanhua Zhicheng Real Estate Development Co., Ltd. (浙江三花智成房地產開發有限公司)	A fellow subsidiary of the parent company
Zhejiang Haoyuan Technology Co., Ltd. (浙江灝源科技有限公司)	A fellow subsidiary of the parent company
Ningbo Fuerda Intelligent technology Co., Ltd. (寧波福爾達智能科技股份有限公司)	A fellow subsidiary of the parent company
Wuhu Alda Technology Co., Ltd. (蕪湖艾爾達科技有限責任公司)	An associate of the parent company
Hangzhou Formost Material Technology Co., Ltd. (杭州福膜新材料科技股份有限公司)	An associate of the parent company
Ningbo Jiaerling Pneumatic Machinery Co., Ltd. (寧波佳爾靈氣動機械有限公司)	A fellow subsidiary of the parent company
Tianjin Sanhua Industrial Park Management Co., Ltd. (天津三花產業園管理有限公司)	A fellow subsidiary of the parent company
Shaoxing Sanhua Zhiyue Real Estate Development Co., Ltd. (紹興三花智越房地產開發有限公司)	A fellow subsidiary of the parent company
Shanghai Shijia Technology Co., Ltd. (上海時駕科技有限公司)	A non-executive director of the Company is a director of this Company
Chongqing Tainuo Machinery Co., Ltd. (重慶泰諾機械有限公司)	An associate of the Group
Qingdao Sanhua Jinlifeng Machinery Co., Ltd. (青島三花錦利豐機械有限公司)	An associate of the Group
Zhongshan Xuanyi Pipe Making Co., Ltd. (中山旋藝制管有限公司)	An associate of the Group
Ningbo Jinlifeng Machinery Co., Ltd. (寧波錦利豐機械有限公司)	An associate of the Group
Xinchang Jiaerling Technology Co., Ltd. (佳爾靈科技(新昌)有限公司)	A fellow subsidiary of the parent company
Fuerda Smartech S DE RL DE CV	A fellow subsidiary of the parent company
Ningbo Hongrong Business Managing Partnership Enterprise (寧波鴻榕企業管理合夥企業(有限合夥))	A key management personnel of the Company is the controlling shareholder of this entity

(c) **Material Transactions with Related Parties**

The following transactions and balances were carried out between the Group and its related parties during the three months ended March 31, 2025 and 2024. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

	Three months ended March 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Purchase of goods and services:		
Fellow subsidiaries of the parent company	16,170	20,427
Associates of the Group	6,790	4,484
Associates of the parent company	27	36
	<u>22,987</u>	<u>24,947</u>
Sales of goods and rendering of services:		
Fellow subsidiaries of the parent company	985	20
Associates of the Group	–	45
Parent company	154	204
Associates of the parent company	67	60
	<u>1,206</u>	<u>329</u>
Rental income:		
Associates of the parent company	<u>75</u>	<u>320</u>
Rental expenses:		
Fellow subsidiaries of the parent company	<u>1,696</u>	<u>555</u>
Utility cost reallocation – received from:		
Fellow subsidiaries of the parent company	8,235	7,338
Parent company	176	231
Associates of the parent company	135	239
	<u>8,546</u>	<u>7,808</u>
Utility cost reallocation – paid to:		
Fellow subsidiaries of the parent company	<u>2,708</u>	<u>2,471</u>

(d) **Balance with Related Parties**

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Trade and notes receivables		
– Fellow subsidiaries of the parent company	1,017	7,765
– Associates of the Group	–	80
– Associates of the parent company	41	–
– Others	–	125
	<hr/>	<hr/>
	1,058	7,970
Less: credit loss allowance	(52)	(398)
	<hr/>	<hr/>
	1,006	7,572
	<hr/>	<hr/>

For three months ended March 31, 2025, the amount of expense reserved in respect of bad and doubtful debts is RMB346,000. For three months ended March 31, 2024, the amount of expense recognized in respect of bad and doubtful debts is RMB43,000.

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Prepayments, other receivables and other assets:		
– Fellow subsidiaries of the parent company	3,639	670
– Others	–	458
	<hr/>	<hr/>
	3,639	1,128
Less: provision for impairment	(178)	(67)
	<hr/>	<hr/>
	3,461	1,061
	<hr/>	<hr/>

For three months ended March 31, 2025 and 2024, the amount of expense recognized in respect of bad and doubtful debts are RMB111,000 and nil, respectively.

	As at March 31, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Trade and notes payables:		
– Fellow subsidiaries of the parent company	685	4,937
– Associates of the Group	12,602	9,565
	<u>13,287</u>	<u>14,502</u>
Accruals and other payables:		
– Fellow subsidiaries of the parent company	3,247	4,763
– Associates of the parent company	–	100
	<u>3,247</u>	<u>4,863</u>

All the balances with the related parties are trade in natures.

29. EVENTS AFTER REPORTING PERIOD

A final dividend in respect of the year ended December 31, 2024 of RMB2.5 per 10 shares (tax inclusive) was approved by the Shareholders' meeting on April 16, 2025. The dividend was not recognized as a liability as at March 31, 2025.